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# West Europe Report

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19 FEBRUARY 1987

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## PCI-SPD RELATIONS IN DOUBT FOLLOWING SPD DEFEATS

Rome L'ESPRESSO in Italian 23 Nov 86 pp 14-16

[Text] The Italian Left had made German Social Democracy and its program an example to be followed. Then, SPD's electoral defeats gave rise to the first doubts. And now ...

These days we can see them in Margarethe von Trotta's film on Rosa Luxemburg: August Bebel, Karl Kautsky, Eduard Bernstein, Ignaz Auerbach ... They are the founders of German social democracy, the fathers of that SPD (the oldest among socialist parties) that actually appears to us in the film as the mythical cradle of the international workers movement, a myth that seems to have been resurrected with new vigor among the ranks of the Italian Left.

Yes, because with the radical "Red-Green" turn at SPD's Nuremberg congress and, above all, with the formulation of a new "fundamental program" (the Godesberg II), in which it is proposed to ecologically modify industry, to exert greater state control on the market, to reduce working hours, to move away from things nuclear, to reject the SDI and missiles, to establish a dialogue with Eastern Europe, a new hope for regeneration had spread, meaning that once more the great German cradle would engender, molded in its basic theoretical contours, the new Left of the 21st Century. The whole matter was reinforced by the certainty that SPD is not only a club for thinkers, but a solid party that has demonstrated that it knows how to govern Europe's most industrialized country.

However, the unpleasant doubt of having bet on a losing horse has begun to circulate in Italy ever since the German voters sharply rejected, in two successive elections, the suggestions of the Nuremberg program: first, in Bavaria (where it turned out that almost all young voters refused to vote for SPD, choosing either the Greens or Strauss' Christian Social Union); then, in the traditional stronghold of Hamburg (where, for the first time, the Christian Democrats obtained a relative majority and a Greens ticket, with only women candidates, broke the 10 percent barrier). Thus, a fundamental premise for a counter-offensive by the European Left was eliminated: the role of pacesetter of the SPD itself, which, at the Nuremberg congress, had planned to capture the absolute majority and the federal government in the next elections on 25 January 1987.

The fact remains that the alignments themselves of the domestic Left turned out to be quite modified from that congress (already preceded in Italy by the publication of the writings of social democratic theoretician Peter Glotz). Some

examples? IL MANIFESTO, once a fierce critic of social democracy, has embraced the new "Red-Green" line, engaged in controversy with the PCI, considered by IL MANIFESTO to be too timid to adopt that line. In an understanding with Pietro Ingrao's Center for the Reform of the State, IL MANIFESTO also intends to publish the proceedings of an extremely well-attended seminar on SPD's program that took place on 12 October in Rome with the attendance of Gianni De Michelis, Achille Occhetto, Alfredo Reichlin, Claudio Napoleoni and many others. It was said that Claudio Martelli was absolutely "thunderstruck on the road to Nuremberg" (even if he, as we will see, denies it). As far as the labor unions are concerned, THEMA, CGIL's magazine, published in its latest issue a special insert with the translation of the now famous "fundamental program."

However, it is from within the PCI that there were raised enthusiastic cries of adherence. L'UNITA had followed SPD's debate with high-sounding headlines ("Europe Looks to Nuremberg"), until, on 14 September at its Milan national festival, a sort of consecration was reached: the communist rank and file received Peter Glotz, who raised his arms high, with resounding applause, while socialist Francesco De Martino said into the microphone, "We wish you victory in the next elections." Moreover, in an interview with Eugenio Scalfari, the PCI secretary confirmed that PCI's program is very similar to that of the German social democrats. After the anti-nuclear turn on Tuesday, 7 October, there followed another that was less emphasized, but just as important, when at the end of the meeting of the leadership, Antonio Bassolino announced that the PCI was proposing a reduction of the workweek to 35 hours (until then it had been considered a majority policy) as a "strategic objective for the entire Left."

Then, the electoral trouncings began coming, to be followed by the realization that SPD's program cannot be considered a credible government program. "Why on earth should we gauge the validity of a strategic program such as that of the SPD merely on the victorious outcome of the next political elections?" Rina Gagliardi, editor of IL MANIFESTO, protests. "The truth is that what weighs more, and in a negative way, in an election are scandals such as the 'Neue Heimat' union's real estate company, as much as the transition from old to new ideas. Instead, it is precisely during an extended period of opposition that the identity of the party and its reform can be rebuilt, parallel to that of the British Labour Party members, and valid for the entire European Left." After having reported these theses of hers in the paper, Rina Gagliardi received a message of support from Pietro Ingrao himself.

In the same manner, socialist Eurodeputy Gianni Baget Bozzo finds himself in agreement, "Precisely because of its nature as a national party, representing a nation divided between the two blocs, SPD, as the opposition, is in a position to provide a world-wide forum for the Left, of which it remains the main international point of reference. On the other hand, today its return to the government is conceivable only as an element of an open crisis in the relations between Europe and the United States."

However, these reasonings did not stop the rise of tensions and distancing (see the interview with Napoleone Colajanni). "The German Socialdemocrats wanted to become Greens, thus they presented them with the gift of their votes. Each should stick to his business," explains communist deputy Elio Quercioli. In the meantime, the "meliorism" philosopher Salvatore Veca denounces "the



lateness syndrome" and "the absence of role models syndrome" typical of the Italian Left's provincialism. "I consider SPD's program to be very conservative," Veca insists. "In reading it, it seems that a decade of setbacks of Keynesian policies has been for naught. There is a reproposal of a state-controlled economy with only the grafting on of the ecological subject, while Peter Glotz proposes a traditional analysis of the social classes, apart from all the new political cultures that propose a rebirth of the Left, beginning with the reasons of the individual."

Thus, there arose as well the controversy of Claudio Martelli, who, the truth be known, in the same interview in which he announced his antinuclear choice, opposed, all the way down the line, the "neocorporatism" that would bring the SPD and the PCI together as equals: "The old social base of the social democracies can no longer constitute a majority in our countries. In order to do this it is necessary to overcome hackneyed patterns of analysis and to reason by means of social individualism."

Based on this, the most explicit break with SPD's program came about precisely in early November, at the conference in Milan of the "Politeia" scholars, demanded by Martelli himself. There, all the speakers, from Francesco Forte to Paolo Martelli, from Salvatore Veca to Elena Granaglia, went beyond the rejection of a rigid public control of the economy and the traditional socialdemocratic model of social welfare, advocating a clear break with Marxism to be supplanted by new individualistic methods. So, the clearest disengagement from the Italian myth of the SPD will come precisely from the PSI congress in Rimini, that is, from the sister-party of the social democrats of Willy Brandt and Johannes Rau.

#### Colajanni Interview [Box p 16]

Senator Napoleone Colajanni--a sharp economist and not at all diplomatic--claims to be among the very few communist leaders, who 3 months ago did not allow themselves to be attracted by the fascinating "Red-Green" call of the Nuremberg congress. Although he considers himself substantially a socialdemocrat, Colajanni has decided to write a book to express the hope (among other things) that the PCI does not follow the suggestions contained in the "fundamental program" of the German socialdemocrats.

Question: Senator Colajanni, why was the SPD myth exploded within the Italian Left?

Answer: Because ever since the German socialdemocrats returned to the opposition by abandoning Helmut Schmidt's governmental realism, which did not lack conservative traits, they began to reflect considerably, and with great open-mindedness, about the future of the European Left, only that in so doing they lapsed into irrationality.

Question: Irrational? What do you mean?

Answer: That among the causes of the recent electoral defeats of SPD there must be included its new "fundamental program," a program that is notably accident one that Ingrao and Ruffolo like so much; it is a program of great vagueness that is not caused by an analysis of reality, but by abstract taste for seeking novelty.

Question: Are you referring to the antinuclear choice?

Answer: It may not, however, be that alone. I wonder what sense it makes for the Left to pursue the Greens on their own turf, with the great result of making indirect publicity for them and giving away blocs of voters. The Greens could be a positive incentive for confrontation, but they will never be a party of government with which to form an alliance. I will give you an example. What sense does it make to proclaim, as the SPD does, "We refuse to enter into the plutonium economy?" If it is a matter of being worried about a military use of plutonium, then let them make concrete proposals for the democratic control of the Army without launching into pronouncements of principle."

Question: Do you not believe that this protracted trouble in the opposition could somehow turn out to be functional to the theoretical rebirth of the European Left?

Answer: Not on your life! Such a search that eschews the strictures of a concrete policy may be pleasing to some intellectuals, however, what sense does it make to remain in the opposition, to renew oneself, while the other parties win the social majority? This is the real problem for the SPD as well as for the PCI: within a few years the majority of the working class will be composed of culturally developed and professionally qualified individuals. Yes, we must learn to establish a rapport even with the yuppies. They express a political demand for rationalism; they shy away from "Red-Green" utopias.

Question: In the economy, SPD, as does the PCI, proposes to oppose the free trade offensive ...

Answer: I do not trust those who limit themselves to calling for "slower" and "more government control." I am not saying that in SPD's program there is a return to the "State provides," however, there is an impression given of a State that is a magic wand that solves the contradictions of the market. Instead, we must always remember that government control of the economy, although necessary, does not per se solve any problems. It actually constitutes a risk unless the problem of the "how" to intervene is solved. What on earth can this "planning compatible with the free market" be? It is the great stumbling block of the entire European Left. However, on this subject the SPD does not contribute anything, as a matter of fact, it goes backwards.

Question: In other words, yours is an across-the-board disapproval.

Answer: Not at all. There are significant affinities developing with the SPD, especially on a disarmament policy and it would be right for the PCI to cultivate this relationship that, in addition, also legitimizes it as an integral part of the European Left. But, please, let's avoid being dreamers and the disguising ourselves as Greens. After all, the electorate is not so naive and it knows that a credible government plan is something totally different.

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## WALDHEIM ON WARTIME PAST, ALLEGED RECRUITMENT, CURRENT ROLE

Paris LE FIGARO in French 24 Dec 86 p 2

[Charles Lambroschini interviews Austrian President Kurt Waldheim: "Austrian President Kurt Waldheim Tells LE FIGARO: 'My Conscience Is Clear'"]

[Text] Accusations of a Nazi past persist and western governments are giving him the cold shoulder... But despite this diplomatic isolation, he judges himself to be an effective chief of state.

The former UN secretary general reiterates that, during the war, he was a soldier, not a criminal.

Political opponents in the race for the presidency are the ones who unleashed the campaign of defamation.

It is no less unfair to accuse an entire country of collective amnesia. Confronted by Hitler, no one had helped Austria.

Elected president of the Austrian republic on 8 June 1986, Kurt Waldheim is still being badgered with accusations about his wartime past. Last week, Robert Rhode James, a conservative deputy, submitted a report to Mrs Thatcher, the British prime minister. This document could add new factors to the dossier of the former UN secretary general, particularly with regard to deportations in the Balkans and the disappearance of six British commandos.

The press had also revived the affair in November. The parliamentary elections of 23 November, which reversed a breakthrough of the extreme right, were then interpreted as a confirmation of their president's absolution by the Austrian people. Two weeks earlier, the coldness of the western ministers of foreign affairs, attending the European Security Conference in Vienna, was, on the contrary, perceived as the very expression of international reluctance.

Kurt Waldheim agreed to tell his side of the story to LE FIGARO.

[Question] Early in November, the negative attitude toward you of some of the delegations attending the Vienna opening of the CSCE, the European Security Conference, struck foreign opinion, particularly the way in which the most important ministers of foreign affairs, the United States, France and Great

Britain--avoided you. You seem to be diplomatically isolated. How, then, can you be an effective chief of state?

[Answer] The CSCE conference is not held at the chiefs of state level. I patterned my attitude on the exact procedure that had been adopted for the two previous conferences in Belgrade and Madrid.

In Yugoslavia, Marshal Tito had not opened the conference either. He did not deliver any speeches; neither did he organize any receptions for the delegation, for the whole duration of the discussions. The same situation prevailed in Spain; King Juan Carlos did not open the conference. He did not deliver a speech. He organized only one reception. That is my intention. Next year, I too will give one reception.

Yet, some chiefs of delegation made courtesy visits: The Soviet minister of foreign affairs, Shevardnadze; the minister of West Germany, Genscher; the Italian minister, Andreotti; and Auber, who represented Switzerland. I therefore think that there is no reason to believe that I am isolated.

[Question] Shevardnadze, Genscher and Andreotti came to see you, but the American secretary of state, George Shultz, did not; neither did the French and British ministers of foreign affairs...

[Answer] Diplomatic isolation is the new theory; I was elected by an unprecedented majority. There is no other example, since the war, of a president being elected with a 54 percent margin. I am the first to have ever obtained such a majority.

So, in view of this result, that same group, which had attacked me during the electoral campaign, found another argument. "Ah! Now he is isolated on the international level."

[Question] You say that you are not isolated with regard to the outside world. But within, are you an effective president?

[Answer] I got an unprecedented vote of confidence from the Austrian people. It is my responsibility to use all my power to justify this trust. As for the rest, I do not feel that I am authorized to assess my own activities. I leave this judgment to my fellow countrymen.

#### Incomplete Biography

[Question] Let us return to the accusation. The whole affair started because of a gap in your biography. Officially, your military career stopped on the Russian front when you were wounded in 1942. In reality, you were to serve another 3 years in the Balkans, particularly in Yugoslavia. Why the discrepancy?

[Answer] I never concealed that I had served in the Balkans. All the details are included in the personal dossier which I had to fill to enter the Austrian ministry of foreign affairs in 1945. I gave all this information as soon as the war ended. I concealed nothing, but there was a misunderstanding.

I said that I had been wounded in Russia and that I had been declared unfit for combat duty. I therefore could no longer serve in a fighting unit. I believe this statement was the source of the misunderstanding. People misinterpreting that fact thought I had left the army. I remained in uniform, but I only served in non-combatant positions, firstly, as an interpreter in charge of liaison with the Italian command, then as aide-de-camp, which, in my opinion, is a minor post.

My work was very simple. I would receive reports from field units, which I forwarded to headquarters.

[Question] There is nonetheless an ambiguity in the biography which you wrote with the French journalist, Eric Rouleau. You explained that, after having been wounded in Russia, you resumed your studies...

[Answer] But it is true. I was able to resume my studies. I saw no reason to give the full account of my military career. Neither did I indicate that I had fought in France in 1940.

If I did not mention the Balkans, it is not, as some have said, because I had a guilty conscience or because I had committed an evil deed. The book was not written to tell the story of my military career. It was written to describe my work as UN secretary general. I gave a very brief survey of my life and, with regard to my military service, I only related the incident which had been decisive for me, namely, my being wounded on the Eastern front.

When I was wounded, I was uncertain about my survival. We were surrounded. It was in the heart of winter, in December 1941. It was an extraordinary shock which changed my life. It is owing to that wound that I was declared unfit for combat.

[Question] And yet, last year, in an interview on CBS, the American television channel, you apologized for not mentioning your presence in the Balkans.

[Answer] My statement was distorted. I said that, if by failing to mention my tour of duty in the Balkans I had given the impression of deceiving people, I was sorry and I was offering my apologies. The journalist who was interviewing me remarked that I had been right to make that statement, for it made it possible to clarify the situation. Yet, my remarks failed to produce this effect.

#### Fate of a Generation

[Question] Don't you think the public was expecting something more than "I regret not to have mentioned that I was in the Balkans"?

[Answer] Here is exactly what I said: That if I had given the impression that I wanted to conceal something, that if I had appeared to deceive my friends, then I apologized. Listen, all the conceivable documents have been verified again and again over the past year and it has been impossible to find proof of my guilt. And no one will find it, because I have nothing for which to blame myself. I was not a volunteer in the German army. Coming from a family that

was opposed to Nazism, I had no reason to volunteer. I was mobilized, like millions of Austrians and Germans. It was my fate, the fate of my whole generation.

[Question] There is another ambiguity. When you thought that you were going to be appointed judge in 1940, you submitted a dossier of candidacy which specified that you were a member of three Nazi organizations: The horse riding group of the SA Association sections, the SAs, or brown shirts, themselves and the Nazi Students Association. But in 1945, you only mentioned the SA horse riding group. Why? Was it because one affiliation was forgivable but not three?

[Answer] I never was a member of the SAs. I never was a member of the Nazi Students. I only participated for a short time in the horse riding exercises of a small group which trained, without uniforms, within the framework of the university in the Vienna Consular Academy. I guess the Consular Academy made a mistake.

I presume that it did because I have no other explanation as to how my name found itself on that list.

In any case, Simon Wiesenthal, the famous Nazi hunter, confirmed it. He verified the Berlin central file where are listed the members of all the Nazi organizations. My name cannot be found anywhere.

But that is exactly the problem that I must face. When I am being accused, I can always say that it is not true; it does not help. Those who want to disparage me only believe the allegations of those who want to tarnish my image. All these people refuse to believe the proofs of my sincerity. For example, I found a certificate from the Nazi Party of my district, which specifies: "Kurt Waldheim is like his father a supporter of the Schuschnigg regime. He proved his opposition to us through his activities." It was in 1940. Then, what other proof do people want? What could be better than the Nazi Party itself, declaring that I was an enemy of the party, like my father?

#### Jewish Deportations

[Question] Let us shift to the Balkans problem, especially the Kozara battle in Yugoslavia. You are being accused of having initially concealed your participation in this event because, in reality, the battles were nothing more than a massacre. You later admitted that you really were there. What did you do exactly?

[Answer] You must understand. I had to check my facts carefully each time I was asked a question. I had not kept a journal. I therefore had to talk to former comrades; I had to search letters to my family to verify at what time I had been an interpreter with the Pustaria Italian division, what happened after Pustaria, and what I did when I was transferred at the end of my tour as interpreter. I did not know how long I had stayed with the Pustaria division. I did not know if it had been 3 weeks, 2 weeks, or 2 months.

Do not forget that all of this took place nearly half a century ago.

If I were to ask you today what you were doing 30 or even 20 years ago on 25 May, could you answer me?

[Question] Your accusers also voiced the possibility that you wanted to conceal your presence during the deportation of the Salonika Jewish community.

[Answer] I was not there when these tragic events were taking place. I spent 5 months on leave in Vienna to finish my studies. Then, when I returned to the army, I was sent in turn to Tirana and Athens.

When I was asked for the first time about the deportations of Jews, I said that I had no knowledge of it. People said: "He had to know."

I checked the dates. I was not physically present in Salonika. How, then, could I have known? I did not participate in anything. I could not have changed anything in any case; as a young lieutenant, what could I have done?

[Question] Similar accusations were made against you about the Jews of Rhodes.

[Answer] It has even been said that I had stolen jewels and gold from Jews and carried that loot from Rhodes to Salonika in two suitcases. None of that makes sense. It is a lie; it is incredible.

#### Accusation of Opportunism

[Question] You have also been accused of being a Soviet agent. Shortly after the war ended, the Yugoslavs were said to have transferred your dossier to the USSR which, under threat of blackmail, would have thus been able to manipulate you.

[Answer] Anton Kolendic, the Yugoslav agent who was supposed to be in charge of this operation, said that it was a lie. He said that THE WASHINGTON POST article about this matter was a lie. No one ever approached me, not the Yugoslavs, not the Russians.

[Question] That is a lot of accusations...

[Answer] They are lies, pure and simple. I wonder why, half a century later, all these questions about my past are suddenly being asked. I am quite sure that when I submitted my candidacy for the post of UN secretary general, my past was searched by the intelligence services of all the great powers. The files were available. Austria has been occupied by all the allies who have had access to all the files. Why did the great powers fail to say, when I was a candidate, "No, he is unacceptable because of this or that action"? Tito met with me several times. He even decorated me when I was minister of foreign affairs. If there had been something negative about me, I do not believe that I would have been received in that manner.

[Question] You say that you never were a Nazi and that you never were a Yugoslav or Soviet agent. But what is your answer when, finally, you are accused of having been an opportunist?

[Answer] I do not believe that it is justified. I was young when the war broke out. I was forced to join the German army despite the fact that my family was anti-Nazi. I had no choice. It was very difficult, or rather impossible, to leave the country. We had no family abroad, with whom I could have stayed. I therefore had to stay in Austria and I had to try to endure to the end of this horrible period. That is all. This accusation of opportunism, if it were true, should be applied to all the men of my own age. Except for those who were able to escape abroad, they all served in the German army. They were forced to do so. It was the fate of an entire generation. We tried to survive.

[Question] It is now the whole of Austria which is being involved. Your election recalled the old grievance against Austria, according to which, ever since the war, the country has been hit with collective amnesia. The Austrians, who had always claimed to be the Nazis' first victims, are today being reminded that they also were Hitler's accomplices.

[Answer] I categorically reject this analysis. I do not deny that there were some Nazis in Austria; it would be unreasonable to say that we did not have Nazis. But people only show the pictures of the crowd which took to the streets of Vienna to greet Hitler. They never mention the hundreds of thousands of Viennese who stayed home and cried behind their shutters. My family sought refuge in the basement of our house; I still remember my mother crying. Do not forget that my family was persecuted by the Nazis. My father was immediately arrested by the Gestapo and was dismissed from his position as school inspector.

No one helped Austria in its effort to resist the Anschluss. We were accused of having resisted insufficiently, but the international community gave us no assistance. Not a single one of the great powers lifted a finger to help us. The Soviet Union and Mexico were the only ones to protest the Anschluss. No one else. Where were the allied powers?

[Question] What do you intend to do to remove this blot on Austria's reputation?

[Answer] I am very much determined to contribute my share. I am the first to recognize that we must spare no effort convincing the international community that we are not as bad as some media are describing us.

We must recognize that horrible events took place in Austria; that antisemitism is one of the most horrible things. We must clearly specify that we must never forget what a tremendous human tragedy the holocaust was.

Frankly, I do not believe that the antisemitism problem is more acute in Austria than in other countries. There are also prejudices in other countries, unfortunately; discrimination exists worldwide. To be sure, because Austria participated in the tragic history of the Nazi years, we must show our friends abroad that we are determined to spare no effort to prevent such tragedy from ever occurring again.

[Question] Are you considering resigning to reestablish Austria's good reputation?

[Answer] Because of slander? No. Not at all. The Austrians elected me. I will therefore make my contribution to the solution of our problems.



## NATION'S POLITICS IN 'VACUUM' AS LEADERS AWAIT ELECTION

Stockholm SVENSKA DAGBLADET in Swedish 5 Jan 87 p 4

[Commentary by Thorkild Dahl: "Denmark Awaits Bitter Election Conflict"]

[Text] Copenhagen--Danish political life is in a vacuum. The door is closed as far as political agreements between the government and the opposition are concerned and they are already gearing up for a hard and bitter election conflict in 1987, even though it might be as long as a year before a Folketing election is held.

The politicians are already suffering from election abstinence, as it is very unusual for 3 years to go by without a Danish election. The election will be held by January 1988 at the latest and it is the express goal of the nonsocialist government to put it off as long as possible, so that Folketing can have a whole 4-year period to work in for the first time in decades.

The Social Democratic Party, the big opposition party, does not want to wait that long and both chairman Anker Jorgensen and deputy chairman Svend Auken are already ringing the bells for a spring election. Strong internal division over the Social Democrats' policy in the opposition have led to criticism of Anker Jorgensen, but the former prime minister has surprisingly muzzled the critics and is now devoting himself energetically to the broader political lines in the election conflict that the Social Democrats hope will take place just after the contract negotiations in March-April.

The increasingly strong deputy chairman of the SDP Folketing group, Ritt Bjerregaard, says flatly that the election issue will be whether Danes want to be ruled by a "black or a red government."

## Economic Results

The nonsocialist government wants to base the election on the successful economic policy that has led to a sizable decline in interest rates, low inflation, a balanced national budget and last but not least a nonsocialist policy that has produced new jobs.

In the election campaign the Schluter government will stress the good economic results compared to an unknown red policy pursued by the Social Democrats and the Socialist People's Party, but with her initiative on a red or black government Ritt Bjerregaard has hit a sore spot in the nonsocialist camp--the Progressive Party.

Mogens Glistrup's right-wing party, once so large, is now teetering on the brink of the cutoff barrier, but the latest Gallup polls show that with its sharp criticism of refugee policy and the tax system the party can just clear the barrier and might therefore become the famous weight on the scales in the contest between Prime Minister Poul Schluter and SDP chairman Anker Jorgensen over who will be prime minister after the Folketing election.

The Progressive Party is not welcome in the nonsocialist camp. The party helped to force the government into calling an election in January 1984 and party representatives have not been invited to a single government deliberation since the fall of 1983.

#### Blocs Almost Even

The Gallup polls show that the government side and the leftist bloc with the Social Democrats are fairly even--although there is a slight advantage for the nonsocialist parties if the present political composition of the two seats held by the Faeroese delegates and the two held by the Greenlanders remains the same after the election.

If the nonsocialist government has to wait for the election results to see if the Progressive Party will have any influence in Danish politics again, Prime Minister Poul Schluter does not have to wait for the position of the middle-spectrum Radical Liberal Party to become clear.

"The best budget in many years has been adopted and we are prepared to join the government in getting next year's budget passed," said Radical Liberal spokesman Jens Bilgrav-Nielsen.

Other leading Radicals totally reject cooperation with the Social Democrats and the party's leader, Niels Helveg Petersen, has gone so far as to say that Denmark's biggest party, the Social Democratic Party, no longer automatically has the first priority on trying to form a government.

The main reason for this Radical attitude of course is satisfaction with the results achieved in the economic area in cooperation with the Schluter government. The parties have come a long way in their effort to straighten out Denmark's unbalanced economy.

The little party with around 5 percent of the voters behind it has always had an important middle position and with political dexterity it has been ready to assume a responsibility that goes far beyond what the party's modest size would otherwise call for.

And the cooperation with the present government is going far better than the difficult period when Anker Jorgensen was prime minister. Radical leaders no longer believe in Social Democratic leaders like Anker Jorgensen and deputy chairman Svend Auken.

The nonsocialist government, consisting of the Conservative Party, the Liberal Party, the Center-Democrats and the Christian People's Party, is marching as a body into the election year with the goal of continuing government co-operation. In contrast to the nonsocialist parties in Norway and Sweden, the nonsocialist parties in Denmark have not only shown that they want to govern but also that they can govern. With a good 4 years behind it the government is now the longest reigning nonsocialist government in Denmark since the 1920's and Liberal Party leader and Foreign Minister Uffe Ellemann-Jensen challenged the opposition in his usual style, quoting the great Social Democratic leader of the 1920's and 1930's, Thorvald Stauning, when he described the future of the nonsocialist government: "We have come a long way, but there are still big tasks to accomplish."

The government's biggest problem is the continuing record deficit in the balance of payments, but the government expects the tax reform that has been implemented and the economic interventions--the "potato cure"--to correct the deficit so that balance will be restored by the early 1990's.

6578

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## SCHLUTER SEEN EXPECTING TO CALL FOR ELECTIONS IN JUNE

Copenhagen BØRSENS NYHEDSMAGASIN in Danish 19-26 Dec 86 pp 6-7

[Article by Stig Albinus, Erik Meier Carlsen]

[Text] On Wednesday, 27 May 1987, during the concluding debate of the Folketing, panic erupted in the press gallery when Prime Minister Poul Schluter asked the chairman for permission to make a statement of "a special nature."

"It has all the time been my objective as well as the objective of the government to stabilize the political development in Denmark and change the deplorable situation which, for a number of years, has caused general elections to take place every other year. This peace and stability have now been achieved, the government does not have a majority but a good and stable cooperation with the Radical Liberal Party, which was most recently confirmed in the agreement on the chief principles for next year's budget which was reached between the government and the Radical Liberal Party less than a month ago. That budget will now have to be implemented, but we have to face the fact that a general election in the fall will interfere with this work.

The government does not want such interference, and we shall instead seek authority for this budgetary work to become the prelude to a new 4-year period for the Four-Leaf-Clover government and a continuation and expansion of the purposeful economic policy that we have pursued with the support of the Radical Liberal Party. I shall therefore this afternoon go to the Queen, asking her to issue writs for a general election to be held on Tuesday, 16 June."

There is not much doubt in the subsequent comments of the press: Prime Minister Poul Schluter has done it again. The brief surprise election campaign has always proved to be to the advantage of the nonsocialist parties. The election machine of the Social Democratic Party is extremely efficient, but it takes time to get it off the ground.

The agreement on the budget proposal with the Radical Liberal Party last May and the national congress of the Socialist People's Party during the public holiday on the fourth Friday after Easter, which created renewed uncertainty as to whether a coalition of the Social Democratic Party and the Socialist

People's Party does at all constitute an alternative, contribute to providing the prime minister with the best possible point of departure.

#### The Alternative 15 September

The idea of the June election, which is popular among government politicians, seems to be the hitherto best bid for an early general election. Most people find the alternative to be an election on 15 September, for which writs would be issued in August when the government presents its budget proposal.

A September election will also secure the government a fairly uninterrupted work period if the election gives it support. But there are several drawbacks: the 1988 budget proposal will become "the most costly budget in the history of Denmark" if it is to form part of the government's election basis says a government politician.

A September election will, moreover, be an inconvenience for the Danish EC chairmanship which the government will have from June till December. By September, the government may, furthermore, expect that the unemployment figures have started increasing, and the pressure on the krone may be expected to increase in the wake of a costly collective bargaining solution and with the certainty of an approaching election.

In any case, the prospects of a parliamentary year 1987/88 involving extremely few reforms make it likely that a general election will take place at an early point.

Few among the leading ministers and Radical Liberals believe in an agreement on the difficult profit-sharing issue before an election. And a new defense agreement will hardly be concluded between the government and the Social Democratic Party prior to the election. Neither party will actually be interested in that.

If anything will happen, it will probably be in the early part of the parliamentary year: A new promising framework agreement between the government and the Radical Liberal Party on the 1988 budget and a revision of the controversial agreement on educational offers and reduced daily unemployment benefits, under which the Radical Liberal Party, to all appearances, are presented with a better treatment of the long-term jobless. That may eliminate the possibly greatest blunder of the Radical Liberal Party in the cooperation with Schluter and may cause the Radical Liberals to become very keen on having an early election.

#### Social Democrats Making Preparations

Since the fall of 1985, Svend Auken, deputy chairman and political spokesman of the Social Democratic Party, has been saying that a general election was at hand.

In the light of this, there was nothing unusual about the renewed announcement of an early election on the part of Auken and Anker Jørgensen after

the meeting last weekend of the executive committee of the Social Democratic Party. More unusual were the facts that, in its closed meeting, the executive committee was actually involved in detailed planning of the election campaign and that the discussion had been prepared in an all-day meeting involving the entire Social Democratic parliamentary group at the new educational center of the Semi-Skilled Workers Union in Nykøbing Falster the previous week.

The Social Democratic Party has got its election machine in position, it fears a surprise maneuver on the part of Poul Schluter, who previously with great intuition has acted spontaneously and efficiently, most recently in conjunction with the EC election in the spring.

In the meantime, the prime minister and the circle around him have been busy making assurances that the government's objective is to remain in power throughout the election period. In an interview in this paper last week, Minister of Labor Henning Dyremose said, "when writs will be issued for the election on 10 January 1988."

From a technical point of view, 10 January 1988 is the latest date for an election, but it falls on a Sunday. The preceding Tuesday falls on 5 January. In 1984 the government was able to carry through a brief election campaign in a positive and efficient manner during the first week of January, but that can hardly be repeated with 5 days less at its disposal. If so, the election campaign will really interfere with the peace of the Christmas and New Year holidays.

If the idea of an election in January 1988 is abandoned--and it has no support within the circle surrounding the government chief--June 1987 presents itself as an election date with many strong arguments in its favor.

#### Renewal of Collective Agreement

If Auken and many others have been pondering a premature election for over a year, this was often done with reference to the impending extremely difficult renewal of the collective agreement.

Strong forces in the government have recognized that the intervention in the collective bargaining in 1985, resulting in very low pay ceilings, was a mistake. It has created extreme dissatisfaction among employees within the public sector, who have issued a bill which will now have to be paid in one way or the other.

Within the private labor market there is a considerable willingness to find a solution.

The government and the Radical Liberal Party have in advance indicated their reluctance to intervene anew, and there is every indication of a collective agreement involving some degree of preceding conflict. Such a solution is bound to threaten the economic policy efforts of the government, and a deliberate effort to ward off this threat will be extremely difficult to carry through before the election is over.

On the other hand, an election soon after the collective agreements has been concluded will enable the government to fully benefit by the increased rate of employment and the positive real-income development, which is a fact for large groups of wage and salary earners, as well as by the concessions to employees within the public sector, which will have to be incorporated in the collective agreement.

At the same time, the government may most certainly expect the tightening of the economy that has taken place so far to be reflected in improved trade figures in the spring. It is an improvement created primarily by the drastic decline in the domestic growth rate and the inescapable consequence of increased unemployment. However, there will hardly be any real increase in the unemployment figures until the fall of 1987.

Many speculations regarding a premature election have been based on the wrong assumption that the government could be overthrown. That is not possible. If the government is overthrown, it will happen because the Radical Liberals started opposing it, and, in that case, the basis for a continuation of the governing majority will have become seriously jeopardized.

To this comes that, as a loyal chief of a minority coalition, Schluter will, in practice, have to abandon the right to choose the election date himself. In view of the vast fluctuations in the polls, he is almost bound at any time to be in the situation where a premature election may be regarded as an injustice toward one of the coalition parties--or worst of all, toward the Radical Liberals.

This barrier, of course, may also in the last instance be a hindrance to both a June and a September election.

#### Disagreement Within Social Democratic Party

Even if the Social Democratic Party talks about the early election, there is hardly any doubt that the party fears it. The party needs time to rebuild the leadership of Anker Jørgensen, to discontinue the hopeless discussions with the Socialist People's Party regarding a coalition and to polish up a new, more center-seeking profile. Many Social Democrats pin their hopes on the ability of the Social Democratic national congress next year to adopt a new and vigorous government program for a coming Social Democratic minority government.

When reorganizing the daily leadership of his party, Anker Jørgensen announced that a new election platform would be ready by Christmas.

This did not happen. The internal discussions on the presentation of the party's new center-seeking realism under the slogan "Green Growth" have been heated. Former Minister of Taxes and Public Revenues Mogens Lykketoft has wanted the realism to be carried through right down to the presentation by adding figures to Svend Auken's "Everything Good from the Sea" program and "Denmark for the Entire People" of last year. Such a realistically calculated priority program, however, would not leave many of the visions of the program.

Instead, Ritt Bjerregaard, deputy group chairman, has been supported in her viewpoint that one leave the calculations alone and carry on the election campaign on the basis of headings and the statements of positions.

Bjerregaard and Lykketoft are quite agreed on the most important point: the party aims at growth, because only growth can create the basis for a more just distribution. Growth has traditionally been viewed as a threat to the environment and the resources, but it is an important Social Democratic point that growth and advanced technology are the only road toward an improved environment.

On the other hand, they will do everything in their power to avoid discussing the Socialist People's Party.

But the government will carry on its campaign on the basis of the fear for a red cabinet. The Four-Leaf-Clover government must be presented as the guarantee for the well-known, the secure, the center-seeking and responsible. The unsolved economic problems will be made an argument for allowing the government to continue its work.

7262

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## COMMENTATOR: GOVERNMENT'S SUCCESSES SHOULD ENSURE REELECTION

Copenhagen BERLINGSKE TIDENDE in Danish 30 Dec 86 p 14

[Commentary by John Wagner]

[Text] At the turn of the year, one traditionally takes stock of things. Carl Otto Brix thus had an interview in BERLINGSKE TIDENDE, Sunday edition, with Prime Minister Poul Schluter, Foreign Minister Uffe Ellemann-Jensen, Minister of Social Affairs Mimi Stilling Jakobsen, and Minister of Environment Chr. Christensen on the four-leaf-clover cooperation in September 1982, at present--and in the future.

Taking a realistic view of the situation, the environment minister said on the experiment, which was launched when the Social Democratic Party finally gave up, that "if it did not work, a nonsocialist cooperation would be lost for many years to come." However, the four-leaf-clover cooperation and thus the bloc policy became and remain a fact--unofficially sanctioned by the Radical Liberal Party. Or as said by the prime minister with his usual optimism, "the period of monopoly of the Social Democratic Party in Danish politics is about to expire."

Of course, at the new year, there is also good reason to be gratified that the nonsocialist cooperation still exists and that the alternative--a government cooperation between the Social Democratic Party and the Socialist People's Party--is merely a figment of the brain. But there should also be basis for a warning: the good cooperation is not a matter of course.

The government was committed to solve a certain task when it took over. The economic recovery was such a huge process to launch--and the post of minister was new and exciting to many nonsocialist politicians--that, at the time, it was not difficult keeping in step for ministers of four parties which previously had had problems supporting one another.

Now it is no longer as unproblematic to be a coalition government. The recovery becomes protracted, and there seems to be growing disagreement as to whether the government must continue pursuing a pragmatic policy which will keep the Radical Liberal Party in the nonsocialist camp--and thus ensure the nonsocialist majority--or whether, prior to the election, the government

should stake everything on one throw and mark a clear ideological position in the hope of, once and for all, shifting votes to the right in Danish politics.

The election ought not to be difficult. "Politics is having an influence-- nothing but having an influence," John Christmas Møller wrote Frode Jakobsen during the war. And influence is what the four-leaf-clover parties have, as long as they stick together and do not get on bad terms with the Radical Liberal Party. A great influence. And there are no indications that the government parties alone can achieve the majority. On the contrary.

Of recent months, a few members of the Folketing and not least many representatives of the four coalition parties, have developed the bad habit of disparaging the influence of the government.

In so doing, they not only undermine the basis of the government, they also make statements that conflict with the actual facts.

The government has also in 1986 achieved results which underline the need for the four parties--in 1987 as well--to give higher priority to the government power than to party ideologies:

It was the nonsocialist government which chose to take a referendum on the EC-package with the result that Denmark said Yes--otherwise, it had probably ended in a No.

It was the nonsocialist government which, in order to expedite the economic recovery (regardless of the immediate reactions among the electorate) carried through the Easter package, the potato diet and, most recently, a budget for 1987 without any increase in the level of expenditures.

It was also the nonsocialist government which managed to arrange a TV-2 agreement with the Radical Liberals, an agreement on the Great Belt project with the Social Democrats, carried through a limitation to the flow of refugees to Denmark and adopted a new law governing a part-pension scheme.

Many other examples could be mentioned to show the nonsocialist impact on political decisions in having four-leaf-clover politicians as ministers.

It cannot be explained away, nor should it be, that 1986 was a difficult year for the government. Indeed, the same held true of 1985, 1984, 1983 and certainly also of the fall of 1982. And 1987 will probably be the most difficult year of all of them. That is how it is to have influence. It involves a responsibility--and thus also a risk.

However, it ought to be no problem for the four coalition parties to retain their own voters in the coming election. It is to be assumed that the voters of the nonsocialist parties in 1984 voted for the nonsocialist parties in order to have nonsocialist policies carried through to the extent that is parliamentarily possible.

It may very well be that a few people off and on feel that after 3 years they have profited only partly from their investments. But there is no more nonsocialist alternative. The alternative remains Social Democratic, and which of the nonsocialist voters in the last election wishes in the new year to replace Poul Schluter, Uffe Ellemann-Jensen, etc., by Anker Jørgensen, Svend Auken, and other worn-out Social Democrats?

Happy New Year!

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## JØRGENSEN ADOPTS NEW STYLE, ACTIONS TO STRENGTHEN SDP

Copenhagen BERLINGSKE TIDENDE in Danish 19-23 Dec 86 pp 1-2

[Analysis by Solveig Rødsgaard]

[Text] In cooperation with Ritt Bjerregaard and Svend Auken, Anker Jørgensen has changed the leadership conditions within the Social Democratic Party. The party chairman is to be the leader in the offensive. But, at first, it will be a question of getting the disputing groups within the party to agree.

The nervousness about the advance of the Socialist People's Party and the great uncertainty about the strategy of the Social Democratic Party have caused the Social Democrats to enter into an internal truce, at any rate until the upcoming parliamentary elections. At the same time, the party chairman, Anker Jørgensen, has entered the scene in what to him is a hitherto unknown style as a leader, which, for one thing, will show a vigorous party leader, and, for the other, will eliminate all of the internal conflict, which might give the impression that the Social Democratic Party in opposition has got more opinions than members of the Folketing.

On the way to the truce, one person disappeared from the scene, viz., the hitherto group secretary Jytte Andersen. Left is the triumvirate Anker Jørgensen, Svend Auken, political spokesman and deputy chairman of the party, and Ritt Bjerregaard, deputy chairman of the Folketing group. The other group members have been told in so many words to shut up when it comes to statements on the main political line of the party. On this subject, only Anker Jørgensen is allowed to state his opinion. Unless he delegates the right to make a statement to others.

The party chairman is extremely tired of the many political signals from the various group members on their own initiative, and he is also extremely tired of the fact that the Social Democratic Folketing group has been leaking like a sieve from its closed group meetings.

Most members of the Social Democratic Folketing group have reacted positively to Anker Jørgensen's indication that he is the leader, that it will now be a question of the next parliamentary elections, which the Social Democratic will have to win, and that he is otherwise the chairman of the party, at any rate, until the next party congress in 1988.

The members of the Folketing group may agree or disagree with the viewpoints of Anker Jørgensen. But the very fact that the leader of the party has suddenly cut into the bickering and quarrelling of the Folketing group and has decided on an offensive appearance has brought about some degree of unity among the troops.

Otherwise, the leadership problems within the Social Democratic Party have constantly been increasingly apparent with the increasingly longer period of the party in opposition. The various groups and coffee clubs within the party have not concealed the fact that if the Social Democratic Party would ever dream of regaining the government power, it would be necessary to have a new party leader. That has not yet happened. But Anker Jørgensen, who otherwise shuns conflicts and, moreover, is extremely democratic when listening to the positions within the Folketing group and among the grassroots, has put his foot down. And that has helped. At any rate, for the time being during the first 3 weeks with the new style.

#### Marking His Position

His first appearance with the new style came when, together with the chairman of the Socialist People's Party, Gert Petersen, Anker Jørgensen participated in the Guest of the Week on TV on 26 November. Here, the hitherto somewhat reserved Anker Jørgensen was very aggressive in the debate with Gert Petersen. He established, among other things, that in a coming government, the Social Democratic Party would not reduce the defense expenditures, and he stressed that a cooperation with the Social Democratic Party and the Socialist People's Party would largely be based on the program of the Social Democratic Party, Denmark for the Entire People. It was a rather entertaining and revealing debate which did not actually give the impression that a formalized cooperation between the Social Democratic Party and the Socialist People's Party would be established very soon.

It was, incidentally, on account of that TV contest that Ebba Strange, group chairman of the Socialist People's Party, got into difficulties when stating in BERLINGSKE TIDENDE that Anker Jørgensen was painful in the TV broadcast. Gert Petersen quickly had to make a statement to the effect that he was convinced that Ebba Strange did not mean that Anker Jørgensen was a hindrance to a cooperation between the Social Democratic Party and the Socialist People's Party. Ebba Strange had sufficient courage not to go back on her statement but she said that she probably regretted it.

The second appearance of Anker Jørgensen came after he had written a commentary in POLITIKEN on 7 December. The commentary concerned the relations with the Socialist People's Party, especially in the area of defense. A couple of days before its publication, the draft for the commentary was distributed among the group members, and the statement was clear: "The content of the commentary is the official line of the party. And I am the one who decides it." However, Anker Jørgensen's line of establishing that a future cooperation between the Social Democratic Party and the Socialist People's Party "essentially will have to be based on our program \* Denmark for the Entire

People,' each time, however, leads to contradictions from Gert Petersen. On 14 December, Gert Petersen wrote a commentary in POLITIKEN in which he pointed out that "it is unheard of in Danish politics (and probably in all democratic countries) for a coalition to be based on the program of one of the parties only."

On the issue regarding the cooperation between the Social Democratic Party and the Socialist People's Party, the two parties therefore have not got very far. Anker Jørgensen rejects completely to discuss cooperation on concrete issues with the Socialist People's Party prior to the parliamentary election. It is such negotiations that Gert Petersen time and again attempts to undertake.

The Social Democratic truce and Anker Jørgensen's new style will, as mentioned earlier, be the incentive for Social Democratic initiatives up to the coming parliamentary election. Anker Jørgensen finds at the moment that there is every indication of an election in the spring of 1987. Last spring, the Social Democratic leader, however, also found that there was much to indicate that an election would take place in the fall of 1986. However, the Social Democratic election campaign strategy is in the planning stage, and the draft program was discussed for the first time in a meeting of the executive committee last Saturday.

#### Background

There were several reasons why Anker Jørgensen was suddenly forced to show his vigor. First and foremost, the frustrations of many group members at the situation of the party and the lack of support in the polls, while the Socialist People's Party makes enormous gains--compared with the lack of leadership within the Social Democratic Party. In addition, troubles within the secretariat of the Folketing group, which is the area of the group secretary, and troubles in SNT, the Social Democratic news service. And last, but not least, the dispute among the various groups within the Folketing group, where political and personal hostilities play a rather big role.

Until the first meeting of the Folketing group on 29 September, forces were at work to remove Jytte Andersen, the group secretary. They were led by Dorte Bennedsen, whose candidate was Ole Løvig Simonsen. But since Svend Jakobsen, chairman of the Folketing, stated in advance that he would support Jytte Andersen, Anker Jørgensen wanted to do the same thing, and Dorte Bennedsen, therefore, did not advance her candidate. Jytte Andersen was subsequently reelected. However, the seas ran high after the group meeting. In the course of the late summer and the fall, stories circulated within sections of the press that information from the inner circle of the Social Democratic Party had been leaked to the press at the request of Jytte Andersen, not least via Karsten Madsen, a reporter with SNT. Karsten Madsen gave notice at SNT shortly afterward and is today a political reporter at BT. However, the Madsen syndrome has been widespread within the group. On the other hand, some started wondering who it was among Jytte Andersen's enemies who spread information about her alleged lack of loyalty. All of it guesswork, which annoyed Anker Jørgensen enormously.

At the new session of the Folketing in October and before the fall recess, when the potato diet was finally adopted, the Social Democratic leadership was conspicuous by its absence. Anker Jørgensen attended a meeting of the Socialist International in Bonn, the deputy chairman of the group, Ritt Bjerregaard, was a UN delegate in New York, and the political spokesman, Svend Auken, attended an OECD meeting in Paris. The lack of coordination of the travels of the group leadership has previously been criticized in group meetings. For Anker Jørgensen travels a great deal. On 18 November the question was taken up anew. In a group meeting, Bjørn Westh asked Anker Jørgensen frankly how he felt he would best be able to help the Social Democratic Party win the next election. By traveling abroad or by joining the Folketing group when there was a need for showing the position of the party.

Even if, as mentioned earlier, his traveling has been criticized previously, Anker Jørgensen realized that day that there was grumbling within the Folketing group. Partly because of his lack of presence, partly because he never talked with the less important members of the Folketing group. Things did not improve when, the next day, Bjørn Westh's internal criticism appeared in JYLLANDS-POSTEN.

#### The Plan

During the coming days, intense meetings were held between Anker Jørgensen, Ritt Bjerregaard and Svend Auken on what ought to be done to get the situation within the group under control. On Monday, 24 November the plan was ready:

1. The Daily Leadership institution was to be discontinued. Daily Leadership had been established when the Social Democratic Party went into opposition in September 1982, and it was composed of the group chairman Anker Jørgensen, the deputy chairman Ritt Bjerregaard, the political spokesman, Svend Auken, the group secretary, Jytte Andersen, and the chairman of the Folketing, Svend Jakobsen. Daily Leadership--by many group members referred to as "dejlig leadership" [cozy leadership]--was disliked by many within the group because it had not been elected directly by the group. Apart from this, it is probably not wrong to assume either that Svend Auken, for example, was not unhappy about the fact that Svend Jakobsen and Jytte Andersen disappeared from what might be referred to as the leadership of the group.

2. The actual leadership of the group would from then on be Anker Jørgensen, Ritt Bjerregaard, and Svend Auken. Ritt Bjerregaard was to be in charge of the group, plan and lead the group meetings, etc., enabling Anker Jørgensen to be free to think along political lines only. Svend Auken was to remain second in the group.

3. The board of the Folketing group--which, as is well-known, is elected by the group--was to hold meetings twice instead of once weekly. Members of the board are Anker Jørgensen, Ritt Bjerregaard, Svend Auken, Børge Bakholt, Mogens Camre, Helle Degn, Arne Jensen, Søren B. Jørgensen, Tove Lindbo Larsen, Mogens Lykketoft, Svend Jakobsen, and the ever-present group secretary. That is to say, until Jytte Andersen left her post of group secretary, she was a member of the board--together with Svend Jakobsen.

Incidentally, the representative of the staff, Karen Østmann--Svend Auken's secretary--is also a member.

The plan was presented on Tuesday, 25 November, first within the Daily Leadership group, where Jytte Andersen and Svend Jakobsen had not been informed in advance. Subsequently, to the board of the group and, finally, at the group meeting. The group was surprised, but as mentioned earlier, there was general satisfaction that Anker Jørgensen finally did something.

#### Group Secretary

On Monday, 1 December, Jytte Andersen gave her answer. She stated that she would leave her post as group secretary. She would not accept the fact that her personal integrity was being questioned. Jytte Andersen's decision appeared in BT the next morning. At the same point, she informed Anker Jørgensen, and later in the day on Monday she issued a press statement.

"My decision has been made after months of personal witch-hunt, which I neither will nor can accept. In the course of the week, several gross charges have been inserted in the press by persons whose names are not indicated, first and foremost by fellow group members. Charges of disloyalty and leaks have remained undisputed and unchallenged. Unless I react to these gross charges, it may be interpreted as an admission on my part. I have no reason for a bad conscience," Jytte Andersen stated, among other things, adding that she wanted to make her contribution to "the success of Anker Jørgensen's efforts to create a calmer atmosphere in connection with the party."

The following day, Torben Lund was elected new group secretary. There were no other candidates, and apart from the fact that he is well-liked within the group, nobody wanted to make much of that election after Jytte Andersen had slammed the door.

A number of Social Democrats, however, are of the opinion that Jytte Andersen has become a scapegoat for everything that has gone wrong within the Folketing group of recent years.

#### Succession

It will now show whether the climate of cooperation within the secretariat of the Folketing group may be improved. At SNT, they will have to start from scratch. The hitherto members of the staff have left, but as of 1 February, the new press chief, Michael Thorberg, reporter, will take over. Since the departure last spring of Ole Skovgaard, the former chief of SNT, Jacob Bukstri, who heads the new economic policy department of the Folketing group and, incidentally, is a close friend of Svend Auken, has been in charge of the press service.

The new leadership structure of the Folketing group, however, has not solved the question of succession within the party. But many Social Democrats are of the opinion that Ritt Bjerregaard has become strengthened.



Even if she is now in charge of the Folketing group and has to undertake part of the administrative tasks, nobody believes that she has not had time to think along political lines. Svend Auken will thus not be the only one to think politically together with Anker Jørgensen. On the other hand, it is nearly 2 years till the next congress, and a new crown prince may have appeared on the scene by then. It is today uncertain what Svend Jakobsens's position is. His handicap today is partly that his name has involuntarily been mentioned in conjunction with certain charges of a planned coup against Anker Jørgensen, partly that Jytte Andersen in public has pointed to him as the best successor to Anker Jørgensen.

7262

CS0: 3613/36

## REASONS FOR PROBABLE PASOK READINESS FOR KKE ALLIANCE

Athens I VRADYNI in Greek 12 Jan 87 p 5

/Article by Stamos Zoulas/

/Text/ Three months after the municipal elections and after a period of confusion and conflicting political activities, Kastro appears to have ended up drafting a new strategy that is based on an interpretation of the notorious "message" given during last October's elections.

According to all indications, this strategy is once again centered on PASOK's role as the main pivot and spokesman of the forces of the Left, with one substantial difference. This time a new coalescence with PASOK as the pivot cannot succeed either with the repetition of the unfulfilled promises of the past or with the previous misleading and long divisionary dilemmas. It requires a specific and significant counter-offer to the Left. This cannot be anything but a PASOK-KKE front for electoral cooperation in which it is reckoned that the remaining diverse forces of the Left will join --persuaded by force.

This option is in direct correlation to a possible speedup in the date of elections, not on PASOK's initiative but through a possible downfall of the government under the pressure of events. With regard to the other, this strategic goal has been altogether dissociated from the tactics followed by Mr Papandreou and which aims at prolonging the life of the present majority as much as possible.

The government's timidity and retractions in the exercise of its proclaimed economic policy, as noted in the new budget but also in the recent populist solution of the rents issue --one-sidedly to the detriment of real estate owners-- are considered very clear indications for the option of future cooperation between PASOK and the Left.

In all probability Kastro's final decisions are based on the correlation of forces between the Left (55 percent) and the Right (45 percent), considered as lasting --following the 1977 elections. Thus, the philosophy of the sought after coalescence of leftist forces with PASOK as the pivot will consist in excluding the Right from power whenever ND does not get over 50 percent in any forthcoming election. An additional weapon in PASOK's hands is the electoral law. Thus, in case --improbable according to Kastro-- ND does manage to obtain 50 percent, cooperation with the extreme Left in a front is dropped and through legislating the simple proportional electoral system the breakup of the single party strength of the major government opposition party is sought. (The existence of DIANA

/Democratic Renovation/ and an extreme rightist party are considered sufficient to lower ND's strength by 10 percentage points in elections held under the simple proportional electoral system).

However, in the opposite case where there would be no "danger" in ND's surpassing the margin for a complete majority, PASOK could then "improve" the electoral law not, of course, to discourage or do injustice to the decline of the communist Left front. Indeed, just as a PASOK official observed a few days ago, a new law could subsidize the coalescence of parties on the basis of which the 1956 system favored isolated parties to the detriment of the front of the time. (It should be noted that with the so-called three-phase electoral system in 1956, the ERE /National Radical Union/, despite the fact that it came out the number two party with 47.38 percent of the vote, secured a complete majority with 165 seats, while the "Democratic Union" front --Papandreou, Venizelos, Tsaldaris, Papapolitis, Baltatzis, Allamanis and Partsalidis-- despite its coming in number one with 48.15 percent obtained only 132 seats).

As ranking PASOK officials hope, the establishment of a front with the Left will not cause any trouble or opposition in the moderate wing of the party and they rule out the possibility that it would give cause for the withdrawal of centrist voters. This is so for two main reasons:

First of all, the KKE does not intend to demand conditions for electoral cooperation that would be oppressive to PASOK. The most probable would be that it would not negotiate even its participation in a coalition government, remaining satisfied with a minimum program. This is dictated mainly by the policy maintained by Moscow vis-a-vis PASOK which will actively support Mr Papandreou's remaining in power.

(As unprofitable and damaging to our country Mr Papandreou's foreign options and pacifist initiatives may be they are "highly thought of" and approved by the Kremlin).

Secondly, anti-communist feelings among PASOK's conservative wing's voters have been most evidently blunted. This is considered a result of more than 10 years of coexistence between the two parties in vital areas (local self-administration, trade unionism, etc.) and also ND's political rapprochement especially in the recent municipal elections in which there were instances --atypical and even indirect-- of cooperation with the Left, indeed, on the grass roots level.

In light of these optimistic estimates and with the feeling of complete superiority over the KKE, it is natural that Kastro is neither pressed nor anxious to promote the idea of a front. It merely sees to it in preserving bridges with the KKE and maintaining, with sporadic populist decisions, its contact with the communist voter clientele.

Besides, as has already been mentioned, the primary goal being served by PASOK's current tactics is the holding off of election day to a more distant date in the current 4-year term of office.

With regard to Mr Mitstotakis' prediction that the next elections will be held in the fall of this year, ranking PASOK officials rebut him by saying that neither their own party has any interest in seeking early elections nor does ND or any other party have the strength --substantive or formal-- to speed up developments.

For PASOK, a basic weapon in delaying political developments is the bases issue. It is certain that Washington and ND justifiably want the new agreement signed by the PASOK government. For the United States because in this case Greek-American cooperation would appear to be approved by 90 percent of the Greek people, while for ND because on the one hand it is absolved of all responsibility for the type and content of the new agreement and on the other hand it has in mind the political cost that PASOK will bear from the Left by signing the extension of "the bases of death" and the prolongation of "national dependence." So, since it is a given fact that the American initiative for the renewal of the agreement will be manifested next spring, it must be considered certain that Mr Papandreu will seek to drag out negotiations as much as possible.

In this way, moreover, besides securing a period of political truce, PASOK's president can also tell that segment of the Greek people who are distinguished for their credulity that he is waging a tough and long battle for the defense of national interests. Similarly, he had exploited PASOK and previous negotiations that he completed a year and a half after he came to power (spring 1983).

Of course, in politics there are neither perfect weapons nor certain predictions. PASOK's evaluations could to a considerable extent prove wrong and consequently its optimism on political developments mistaken. Nevertheless, an even greater fault in politics is the underestimation of an opponent which is, as a rule, followed by an overestimation of the capabilities of the other side.

Perhaps ND's leadership's certainty about the holding of parliamentary elections next fall should be re-examined in this light. Much more so since this prediction is not based on proof of ND's becoming stronger but to an evaluation about a rapid weakening of PASOK. It should be added that giving the lie to predictions of the party leadership is not such a painful and critical thing as disappointment that might ensue in the party's grass roots electorate when predictions turn out to be more wishes.

5671

CSO: 3521/61

ND STRATEGY SEEN CONTINUING TO RELY ON LOW PROFILE

Athens TO VIMA in Greek 18 Jan 87 p 4

/Article by Kh. K. Bousbourelis/

/Excerpt/ Those who are following our political developments in an impartial manner are anxiously awaiting Mr Andreas Papandreou's initiative to reorganize the forces of the triangle, namely government-administration-DEKO /Public Firms and Organizations/, with which it is assumed the spring counteroffensive will begin.

On the other hand, those in the government opposition are expecting other things, namely damage to and the fall of PASOK. But how? Everybody knows what our conservatives desire. The restoration of their party to power. The distribution of power without partners and without limitations.

Very few, nevertheless, and they are also the most naive, hope that something like this could become possible this year. The almost boastfully courageous statements by Mr K. Mitsotakis are made for domestic (within ND) and foreign (to show the big allies that we are prepared) consumption.

Sincere and reasonable (with their own logic) expectations place this restoration to power at a much later date.

If one were to try to codify all the analyses and information that is put out by those running Rigilis Street for dissemination in cafes and salons he would be able to compose this scenario in which the dominant role would be played by the desires of the one who was once called the allied factor.

So, what are the conservatives saying among themselves so as to gain courage and maintain their endurance?

The beginning of wisdom, fear of the lord -- on the other side of the Atlantic. The Americans want to maintain their bases in Greece through a new agreement which would be signed by Mr A. Papandreou so that the agreement might be ratified by three-quarters of all the deputies. Consequently, the Americans are not about to drop him or let him fall before he signs the new agreement.

After the signing of the agreement the road for PASOK's fall will open up because by virtue of the signing his leftist voters will inevitably abandon him.

The return of the conservative party to power will be achieved when PASOK will begin to lose to the Left as many or more of those that it will lose to the Right because things are more complicated in that area. In order to reverse the 1985 electoral results at least six round percentage points will be needed. If three were to go to the Left and the other three to the Right, New Democracy will go from 41 to 44 percent and PASOK from 46 to 40 percent.

Such a small difference, however, does not suffice for undertaking a showy restoration of power in view of the difficult economic situation and in the light of the recent happenings in Paris. Two important conditions must be met.

Complete humiliation of the visionary plans because of bad management of power but also complete implementation of the PASOK government's stabilization program so that the Greek people's vote would be given en masse against all those initials that were a torment (PASOK, DEKO, DEI /Public Power Corporation/, OTE /Greek Telecommunications Organization/) either justly or unjustly.

The ideal moment for holding elections would be the day after the signing of the new bases agreement and the eve of that day when the program for stabilizing the economy would begin to yield some fruit.

If, indeed, the moment should coincide with the emergence of a new wave of scandals then the possibility for a triumph increases many times over.

A condition for the success of this scenario is, of course, to have the picture of unity in the party remain intact and also not to have the mask of reconciliation fall from its place and reveal the unacceptable face of rightist revengefulness and the up to now so diligently hidden aim, namely "Let us acquire total power once again and from then on we know what we have to do so that power might remain in our hands for at least a generation."

This scenario, that is not at all fabricated --it has been carefully drafted from whatever has been said, insinuated or simply what ND politicians could not hold completely to themselves --this scenario does not anticipate that 1987 would be the year for greatest damage to PASOK, damage that will come from the government's tight purse strings policy that will one way or another continue but also from the bad management of power which conservatives are absolutely sure will not only continue but increase.

In other words, the strategy of the conservative party remains attached to divine inaction. Any move whatsoever on the part of its leadership could provide positive reactions for the government. Any endeavor whatsoever to work out a plan to have a shadow government formed to seek some ideological dressing will cause an uproar, dog fights and other such consequences.

The only road for the triumph of the Venetians is waiting until things ripen by themselves and from the mistakes of the greens.

5671

CSO: 3521/61

POLITICAL

ITALY

## PCI'S NATTA CONCLUDES CENTRAL COMMITTEE MEETING

### Highlights of Second Day

Rome L'UNITA in Italian 22 Nov 86 pp 1,22

[Articles by Ugo Baduel: First two paragraphs are L'UNITA introduction]

[Text] Analysis of the present situation; social questions and democracy, pillars of political initiative; the debate within the party; Occhetto's report approved.

Late yesterday morning the business of the Central Committee [CC] and of the Central Control Commission of the PCI, which had begun the other day with a report by Achille Occhetto, was concluded. The debate was closed by Alessandro Natta. At the end of the meeting, Occhetto's report and Natta's closing remarks were unanimously approved. Also approved was an agenda calling for the party "to continue and to intensify its commitment to struggle in the country and in the institutions in order to overcome the serious economic, political and social crisis, to strengthen and expand democracy, to broaden the mobilization against rearmament and peace [as published], to promote a more advanced phase in the political development of Italy."

It is unusual--compared to certain garden-variety bad habits--as well as significant, that yesterday the press, almost without exception, called attention to the novel contents and outline, both in the report and the debate in the Central Committee [CC] and the Central Control Commission [CCC] of the PCI. Just for once, it was noted that this debate was carefully and interestingly reported even by sworn opponents. Tomorrow, IL POPOLO's editor, Paolo Cabras, will write, "The report contains significant trends... it distances itself from the usual approach... it is an interesting explanation, less simplistic than those of the past..." and on and on, recognizing its value. In other words, one becomes immediately aware that the communists are very much in the game and that they submit proposals, sound the alarm and mobilize popular forces. And it is also understood, evidently, that it is not always possible to eliminate their presence by dimming the spotlight.

Above all, today it is not possible in this general political situation. This is precisely the "significant" aspect about which we were talking concerning the evaluations that came in yesterday at this CC of the Communist Party.

It actually becomes very difficult to consider the alarms as being "exaggerated"

and to snub the proposals of the communists when one sees a government reduced, as this one has been reduced in these times and during this parliamentary session, to a majority such as the five-party coalition whose crisis is obvious to everyone.

Yesterday, Natta--we publish here his closing speech--stated that it is easily understood why Craxi, nearing the end of his term in office as president of the Council of Ministers, would speak of his government as though it were an event to be turned over to the history of the country. It is, however, very significant that he finds it necessary to contradict openly what he is asserting. Thus, when he goes to Southern Italy he criticizes the government's policy for the South and when, for instance, he speaks in Florence, it is actually he who rattles off the long list of things that are wrong and flawed.

In Natta's speech, as well as in the debate that began with Occhetto's report, one of the salient points was the recounting, with examples, of the political battle these days: we are mired--it was said--in the shallows of next March's "staffetta" [The automatic transfer of the premiership from the Socialist Party to the Christian Democrats] ambiguity and, as the communists had forecast, we are at a point of total weakness and lack any ability to govern. Weakness and the unleashing of preelectoral campaigns among the partners of the coalition. The PCI remains opposed to the holding of elections. At the same time, it sounds an alarm that is "neither catastrophic nor pessimistic," but totally realistic in relation to a situation that is pregnant with serious and grave dangers to democracy. Hence, the proposal for an institutional renewal that is based on the needs and rights of citizens. "No one has devised anything better than the tools of democracy for governing the commonwealth. The problem is to make them work as well as possible, openly and with a guarantee of control."

And the debate during this meeting of the CC and the CCC has been rich and productive. We do not wish merely to talk about the fact that there were as many as 48 speeches, but about the "red thread" of programs that resulted from them. There was Pizzinato's speech that moved from the social field to reach the heart of the institutional reform ("The movement that has made a comeback in the country is running the risk of extinguishing itself if it does not find quick legislative response") or that of Stefanini, which moves from agro-food and agro-environmental questions to show unpublished connections to the entire debate about "economic-financial powers" being out of control and on the threats to democracy. Then, there is Bassolino who spoke about looking into the balance of forces in the country before actually looking at the program and at the effort to modify these forces by recreating a true and durable worker activism of a new sort. There was Beppe Vacca who looked at the political forces and talked about an "anomaly" of the PSI, which since 1956 wishes to embody its reforms: "in a centrist framework in association with the DC." There was Luigi Colajanni who, faced with an emergency in the South and the deleterious practice of the "commissars" recalled the democratic "authorities" of F. D. Roosevelt's times as a possible starting point for some new ideas for intervention. More: Cotturri ("Is a new constituent assembly perhaps necessary?") and Andriani ("There are crosscurrent economic-financial power blocs emerging that involve the political system in new ways.") and Luporini who said that this debate has not allayed "all apprehensions and worries that I had..." (Later, Natta had an answer for him.)



These are merely some examples randomly taken from a multitude of remarks; they also serve to explain what Natta said in concluding his speech, that is, that from the debate of these past 2 days there has emerged "a strong urging by the party towards a policy of substance, clearness and militancy."

#### Text of Natta's Concluding Remarks

Rome L'UNITA in Italian 22 Nov 86 pp 1, 22

[Text] In his closing remarks of the debate, the secretary general of the party pointed out that the meeting of the Central Committee and the CCC represented an important and positive movement in the development of the policy and the commitments undertaken by the 17th Party Congress.

It was evident--Natta stated at the beginning of his speech--that the meeting in which we were involved these past few days had to have a control-like character, of updating the analysis of the state of the country, of the development of the political situation, both international and domestic, of the party's planning and political work (some documents of great importance: on employment, on security and the Woman's Charter) and of the prospects we intend to follow.

"Comrade Occhetto's report accomplished this task well and the broad consensus it received in the speeches of the comrades allows me (because I as well am very much in agreement on the overall proposal of the political course, on program choices, on political initiative and on emphasizing the dominant importance of the democratic question) not to have to return to all subjects, but to limit my speech to some considerations of the situation and the political prospects and the party's problems."

After recalling recent parliamentary events, Natta pointed out that the failure of the budgets of several important ministries, or their risky and chancy approval, are not anything new to be sure. Nevertheless, in such events one can clearly perceive, not only the expression of critical opinion in sectors of some relevance to the majority regarding the actions and administration of this or that ministry, but also the evident sign of the fragmenting inconsistency and contrasts in the majority and of the present government's progressive loss in the ability to lead under a unified policy.

It could be said--Natta asserted--that it is a matter of an ancient ill, typical of Italian governments, which were rarely based on a homogeneous and well-defined project and program that have increasingly come to assume the form of an aggregation of governments. It is worth noting that the five-party coalition did not resolve this fundamental defect; as a matter of fact, it has actually accentuated it ever since it established itself as some kind of isolated entity with the pretext of reducing social and political dialectics within itself and, in this constraint of a centrist character, ended up by distorting the relations between the administration and parliament and by equivocating, not only on the rights of the opposition, but on those of the majority as well.

Only the uninformed and liars can see in these dissociations of the majority the signs of irresponsibility, of misconduct and of a perverse effect on the secret ballot. At the bottom of it all there is a refusal--and it is a significant fact--to restrict the democratic space, to reduce the functions and powers of

the fundamental organs of political representation, phenomena that, in the report, were correctly shown to be a risk. And I believe that the extension until July of the Craxi government's mandate, with a more or less implicit expiration limit, may have engendered--as we had denounced--a weakening of the capabilities and possibilities to govern, an exacerbation of the conflict, the precipitation of campaigns in expectation of the crisis to come and the electoral contest.

Now, in this casual and reckless dissociation between the responsibilities of governing and party conveniences, we have gone beyond the limits of decency. Talk about snipers: the PLI joins a protest against the fiscal policy of the government of which it once more became an integral part long ago. On the problem of the illegal traffic of arms--over which President Reagan took a heavy fall and which involves our country, and not merely for Iran--we are witnessing a shameless passing of the buck, a game of revelations made half-heartedly and with the method of reciprocal intimidation: a minister casts aspersions on the prime minister, another on the one responsible for Defense and then afterwards they appear before Parliament to say that everyone is in agreement and that nothing happened.

Let it be clearly understood that we are calling the government to task because of its collective responsibility and we want to know the truth: the parliamentary inquiry must immediately look into the recent events and then, as others are demanding, let us get to the bottom of things that have been going on for the past 15 years.

It is understandable that the prime minister, aware that his mandate is about to end, increasingly praises the accomplishments of these years as if they were an experience to be recorded in history. However, in his excessive emphasis and his accusations of factiousness against those who express a critical opinion or merely some reservation concerning the image of a truly triumphant Italy at the vanguard of the economic recovery on an international scale, he ends up by lapsing into a clear distortion of reality and a strident contradiction because later, in the South, he has to play the part of the critic and accuser and cannot avoid in the end--as happened in Florence--reviewing the unsolved problems, the ills, the significant faults, which constitute so many indications of the fact that the ills, the social and institutional failures that mark the situation in Italy, remain and are worsening.

The list of what must be done and of what has not been done that was prepared by the prime minister himself exposes to the naked eye the limitations, if not actually the negativism, of the course pursued. There is no need to dwell on the socio-economic data from the South on unemployment and public finances. It is important, however, to emphasize that the social and democratic crisis we are denouncing will be recognized in the end by Craxi's own admissions. The fact is that the people perceive that the primary needs and fundamental rights of the citizen and the commonwealth are endangered as are the operation and power of the democratic State. In effect, what should have been the socialist premiership's objective and ambition is missing, that is, first of all, the commitment and struggle for an effective effort for reforming the State.

It is significant, despite the obvious element of manipulation, that in

analyzing the balance sheet of this phase there was severe criticism raised from among the ranks of the DC about the lack of a coherent seriousness of purpose, on the scarcity of a spirit of reform that should have been the hallmark of PSI's actions and the socialist prime minister's. After the damage is done there comes the scorn. Today we come to the point--Natta said--when the Christian Democrats can upbraid the PSI for having devoted itself to acquiring positions of power more than anything else by repeating the error that had weakened the Center-Left experiment. In the end, while the race for positions allowed the men of the PSI to acquire positions of power it in effect covered and protected the DC's traditional system of power.

However, beyond the debates on the responsibilities within the coalition, what interests us is: the more or less explicit admissions of the inconstistency, of the lack of will and of a program for reform, of the inherent failure, within the government, of a reform policy.

The facts have proven us right when we asserted last July that the experiment and the political balance of the five-party coalition under its socialist premiership had crossed the critical threshold and that its extension, based not on some new plan, but on the ambiguous and uncertain private agreement between PSI and the DC to alternate the premiership, would have additional negative consequences. This has come to pass precisely as predicted because the loss of perspective and planning concepts cannot but lead, as we have said, to political deterioration and to a pure and simple power alliance. We actually said that the five-party coalition had become impossible, but that it had entered a critical stage of motivations that was destined to continue. We warned that the cement of power sets solidly, however, that does not mean that the cracks were not destined to become deeper. Hence, the beginning of the conclusion of this political cycle is marked by a great deal of confusion.

Natta then remarked that the DC, much as it tries to give a serene and sure image of itself, appears instead to be deeply troubled. Daily it appears intent on seeking reassuring answers to the pressing questions on the compliance, in March, with the negotiated agreement or asking itself whether it would be indeed worthwhile to return to the premiership during the final stage of the legislative term. Hence, the conception of the hypothesis to let the current prime minister hang on to the reins in exchange for a verbal commitment, that is, the support by the socialists for the entire next legislative term of a five-party coalition under Christian Democratic leadership. However, the only objective for a reproposal of the five-party coalition would be to eliminate the chances for the democratic alternative [PCI]. The call to form a bloc, to move jointly into the fray against the PCI is a repetition of a course that has caused a great deal of damage to the country and has enmeshed the PSI in a contradictory position for a party that pretends to be reformist.

For its part, the PSI does not deny Craxi's intention to return to taking care of the party; however, it logically bears in mind as the days go by that--in confirmation of the constitutional abnormality and the related political commitment of the agreed exchange--this transition cannot be automatic and perfunctory because the forming of a new government must be founded on political conditions and program bases, which must be defined and need to mature. It must be said that it is from this state of affairs, from this climate, from

the possibility of arriving, in a few months, at a government even more weak and lacking in substance, exposed to all the pressures and tensions typical of the closing stage of the legislative session, from this unresolved uncertainty and from the deep crisis of the five-party coalition that the influencing, the temptations or the push to dissolve the two Chambers and hold early elections are born. Therefore, this agitation comes from within the ranks of the five-party coalition. And it is for this reason that, as we have reiterated in the report, we remain firm, as always, in the belief that a new early dissolution of the Chambers must be avoided, unless there is an open admission that would be a commendable proof of political sincerity that the reasons for a coalition had ceased to exist and that there is a need to place new solutions before the people.

Our opposition to the theory of early elections--Natta warned--certainly cannot be taken as an acceptance of the course plotted with the "staffetta." It is also because this becomes increasingly inaccessible and because the solution that emerges from a crisis cannot be taken for granted.

It is evident, as a matter of fact, that when the crisis of the Craxi government takes place--the nature and the formalities of the event will be given special attention--we are not going to limit ourselves to a simple acknowledgement of the fact, but we will examine at that time the elements of reality to see what positive directives can be formulated in the interest of the country. You can rest assured even now that, faced with a further hardening of an already very negative posture, our opposition struggle is naturally destined to harden.

However, our task now is to bring pressure to bear on the coalition. Already as autumn began, there developed important movements of working masses and youth. Some results have already been achieved, even in the Finanziaria [holding company], despite the lack of a clear-cut change in policy that was necessary and that we had proposed. The struggle for contracts is not over yet and the huge demonstration in Naples served to remind everyone not only how severe the unemployment problem is, but also how great the potential for struggle is. It is important for us to continue to give our input in order to expand the movements that meet the needs, old and new, of the workers and the people. We should take care, as Occhetto pointed out, to expand the field of the militants in social struggle, in cultural debate, in political initiative, with the utmost care so that ideas and the forces of renewal make their voices heard and have an influence, beginning with those of women.

However, our CC made a focal issue of the democratic question, together and closely connected to the social question, that is, the need of working for the reforming and restructuring of the State. The report's formulation is clear. Our analysis is not based on a spirit of pessimism or, worse yet, a catastrophic one. We take note of reality: it is that, and not in Italy alone, of a shift away from the democratically-controlled centers, of many fundamental decisions regarding the community and the State itself. It is from here that the attack on the foundations of the democratic constitutional system comes. We are well aware, that is, that the changes in reality also entail objective processes of the shifting of power, but it is precisely for this that we believe that we should not resign ourselves to it and that it is necessary to promote, together with the strengthening of the representative institutions, those experiments as

well that take place in new areas, especially economic power. To be part of the European Left also means this.

If we wish--as is our policy--to safeguard the principles, the inspiration, the program of the Constitution, we must set ourselves to work on an institutional renewal with the objectives we have specified: to make the democratic institutions more effective and efficient, to make political democracy become a full reality in order to continue along the road of social and economic democracy. In Italy we have the advantage because of the fact that the true program of the first part of the Constitution implies an effort to expand democracy.

The focal point of the plan outlined here is that, in keeping with the high points of our traditions, we must promote the effort of institutional renewal, not in the name of some abstract concept, however, but beginning with the rights of the citizens. This is the meaning of the emphasis we place on some questions that are fundamental to civil coexistence and to guarantee solid bases for the democratic system. We must bear in mind that the people do not feel totally protected, not only in the regions most exposed to organized criminal activity, but in most of the country and, above all, in the metropolitan areas. The right to safety itself is seriously jeopardized.

In many ways the right to justice is not assured. The president of the republic himself, for instance, says that it is time to guarantee the poor a public defender, which does not exist after 40 years of Christian Democratic leadership.

It is up to us to claim the right and fight to guarantee fiscal justice. The effort of the labor unions is important; however, it is increasingly necessary that our existing valid proposals be developed in the context of a broader political initiative.

As has been correctly asserted, what counts is not the generalized political statements, but, in an increasing manner, the actions based on the merits of the problems under discussion. Democracy is strengthened if it is able to refine continuously its own ability for providing concrete solutions. We should never lose sight of the political responsibilities that are attributable to the majority; however, we must learn ever more forcefully to include among these responsibilities the question of the deterioration of the democratic decision-making institutions.

The problem of the complexity and inefficiency of the perfect bicameral system is not a recent one. The reform of local self-governments has been debated for years and years.

From these extremely serious nonfeasances, one cannot formulate proposals that upset every democratic principle.

That is why, together with the intensification of our criticism, we communists have come up with the broad spectrum of proposals that we have already submitted, that we are going to submit and which we must make increasingly popular.

We do not shun any debate, even on the electoral institutions, however, the point on which we place emphasis--Natta pointed out--is that until now no one

has come up with anything better than the institutions of democracy for the decisions regarding the community. Today's problem is that of guaranteeing every institution the possibility to effectively exercise its own powers and ensure, at the same time, total clarity of every decision in order to make truly possible the control of opposition and public opinion. This is what we mean when we talk about a reform that guarantees full effectiveness and efficiency to the institutions and to the State, asserting that the policy of clarity and democratic oversight is fundamental. That is why we also insist on a subject that is new for us and in the background of the Left: the separation of political power and administrative management.

Without a similar body of state reforms, without reasserting, with increasingly appropriate mechanisms, the constitutional distinction of power and its fertile dialectics, the effort for a new economic policy, indispensable in view of the demonstrated incapacity to take advantage of even the most positive opportunities, becomes even more difficult.

The resumption of a planning policy--that strengthens both the State, wherever there is need, and the market--makes a point not only of modernization, but of actual reforms.

It is for this reason that the idea of a great reform of the State is totally ours. The PSI must realize this today because some of its ideas, while sound, did not yield any results.

We sense that there is reflection in process at PSI and we appreciate some rethinking that has taken place in some important cases from Bologna to Calabria to the province of Milan. Nevertheless, the fundamental point remains, that is, that a policy of actual reforms cannot be pursued within the framework of the five-party coalition--where a moderate hegemony prevails--and cannot be pursued without or against the communists. This also includes all the more open and progressive components present among the lay forces.

This is why, as far as the intention--complex to be sure and until now unsuccessful--to bring together a lay-socialist group is concerned, we have given the problem of the program base and the prospects for alliances a high priority. However, we wish to point out even to all those organizations of Catholic persuasion, which feel the need for reform, that the obstacle to each real success for greater justice remains the discrimination against the largest force of the workers movement and the Italian Left.

Natta then stated that the error in campaigns, even the one run by forces of the Left concerning Hungary, consists precisely in this: turning the clock back 30 years in face of the truth cannot serve anyone but the most conservative and moderate forces.

Among other things--he pointed out--the majority of the communist militants and leaders joined the party after 1956. Many had not even been born. In PCI's own national secretariat there is a comrade, Livia Turco, who was not even 1 year old!

All this did not prevent and does not prevent reflecting on history, which has always been a constant of our commitment and a lever for the renewal of the

party's policy. However, a reflection based on criteria of accuracy cannot remain silent on the reality of the workers movement in our country: the PCI, in its positive work, is the staunchest and consistent force for reform. It is one thing to see the limits of this reality, but it would be shocking to deny it.

Those forces that call themselves reformist and carry out this campaign, first of all, actually harm their own concepts and prospects and surrender precisely to the forces that are most opposed to any idea of reform.

The secretary of the PCI then added that for this reason a strict regimen must be followed even within our ranks. In general, the comrades have appreciated the work done during the months since the Congress to date and they have agreed with the concept of the fundamental documents that the leadership had drawn up. As opposed to others, though, Comrade Cossutta has stated that the document on security does not express the meaning of the main objectives and that all postures would be placed on the same level, which, in his opinion, would mean a new choice of sides. However, the main objective, which we propose as being fundamental and of a high priority, is the one that our party, ever since the days of Togliatti, has shown to be the only answer to the dangers of war in an atomic age: peace and a balanced and controlled disarmament--beginning with the arms race and the reduction of nuclear arsenals by both sides--as the condition for every other development and progress and as the only valid guarantee against the dangers that threaten the very existence of human civilization. This is the objective that we place at the core of a proposal on matters of security that agrees significantly with those advanced by other forces (not only of the Left, but also of religious persuasion as well as other orientations) that have lately brought about a widespread renewal of the struggle for peace in Italy and Europe. With regard to the choices of sides, there is one clear position that we took sometime ago and reiterated at the Party Congress, which finds further confirmation and broadening in the document on security. It is the position of one who intends to work within the alliance of which he is a member, not only because the spirit and the defensive limits of the alliance itself may be properly guaranteed, but because a process of detente may effectively be developed to create the conditions of overcoming the policy of opposing military blocs. What must be opposed, and what we have been opposing for a long time, is the concept itself of choosing sides because it attempted to impose on our party an ideological choice, or alignment, that is in contrast with the original development of our ideas and with the independence of our policy. Our duty is to be deeply rooted in the reality of Italy and Europe of which we are a part and it is in this respect that the effectiveness of our policy is measured.

In dealing with the party's problems, Natta said that he finds Occhetto's directives, delivered on behalf of the party's directorate, totally proper. The full freedom that we have asserted and guaranteed during our internal debate (setting, I suppose, an example for all Italian political forces) cannot--the secretary of PCI asserted--sink into mockery, as someone has actually done, basing this on an alteration of the facts. For instance, the reversing of responsibilities as regards fiscal injustice even forgetting that in our country there has not been a measure of equity that has not been promoted or supported by us, even by paying dearly for it, does not lead to a constructive debate.

Most of all, just as we wish to be a party that considers the free exchange of ideas and concepts to be a vital matter, it is all the more necessary to assert and guarantee respect for the rules that we have formulated and agreed upon together. If this is true for every member, it is even truer for all those who have leadership responsibilities.

While the criticisms offered by many comrades, who want the debate to be as open and as clear as possible, are just, at the same time they ask, however, for seriousness in judgment and strict behavior. This demands that the leadership organs be more responsive to the new requirements set by the Party Congress.

Comrade Luporini made a point that merits some consideration: not because it is true that since the Party Congress until the present this Central Committee offers the first actual occasion for debate and discussion of our leadership organs. The meeting that took place in July--after the government crisis was over--cannot actually be considered a token action for validating the proposals and the work of the leadership because, to be sure, even then we analyzed the situation, came up with a balance sheet of the five-party coalition and underscored the need to translate the choices of the Party Congress into initiatives and political movement.

Certainly there is a problem in the decision-making process and particularly in the relation between the demands of timeliness and the demands of the broadest democratic procedure. I believe that a significant effort was made after the Party Congress towards expanding responsibilities and collegiality, at times at the expense of immediate response. It must be borne in mind that a price must be paid for democratic procedures and collegiality.

I wish here to make one point clear to Comrade Cossutta, I do not believe that it is the secretary general's function to exert a personal dominance of his own over the party. As a matter of fact, I believe precisely the opposite: this was not the perception of the party's democracy that we tried to project at the last Party Congress. There is instead, most certainly, a function of direction: to lead the party, its initiatives, its political and mass actions in accordance with the rules that we have democratically set forth for ourselves. It is a function that pertains to the secretary general, to the secretariat, to the entire leadership group and, therefore, to the entire Central Committee. And if we have to speak about the secretary general, permit me to affirm that I have worked in situations that were very difficult in order to attain, and it was attained each time, the most widespread unity of the party. This meeting of the CC and the CCC has again confirmed this essential outcome. I believe that we can close this meeting by underscoring the visible marks of vitality and the party's will to struggle that becomes all the stronger whenever the attack against our beliefs becomes more aggressive. That same spirit that we caught during the recent assembly of the regional and federation secretaries was fully present here. Permit me to say it: the most important thing is that we noticed, as we wanted to and must continue to want, that a new generation of communist leaders established itself because of its maturity and experience.

It is on this base--Natta concluded--that we must continue to build the renewed strength of the PCI in the interest of the citizens and of Italian democracy.

The committee reporter was correct in stating, "All communist generations are and will be committed to this effort of renewal and progress for which there is now more need than ever."



## PICCOLI OUTLINES MEDIATOR ROLE IN MEDITERRANEAN

Rome IL POPOLO in Italian 23/24 Nov 86 p 4

[Text] The second meeting witnessed a broad analysis of the tensions that trouble the Mediterranean Basin and a lecture in Christian terms on the role of peacemaker of our country. In this respect, MP [Popular Movement] leader, the Honorable Roberto Formigoni, called to mind the example at Assisi.

The countries of the Mediterranean can once more find the traditions and the pride of the past, provided, however, that this marginal area, which someone has called a "great archeological park," moves effectively to regain its culture and its faith. This is in essence what has transpired at the third Meeting of the Mediterranean that is being held in Catania with the participation of theologians, economists, historians and writers from Italy, Greece, Spain, Morocco and Lebanon.

An identity recovery that is above all useful for peace also overcomes the grave tensions existing in the Mediterranean.

Religion, in short--as the leader of the Popular Movement, Roberto Formigoni, who chaired a roundtable as part of the meeting, underscored--can play an important role for Italy and its Christian tradition. Formigoni added, "Peace cannot merely be a simple elimination of conflicts," but it has to be the full reestablishment of man's rights; this can take place by referring to man's origins and to his destiny.

On this subject Formigoni recalled the great event of the peace meeting held by the Pope in Assisi. "The roads to peace," MP's leader stated, "go through the respect of the right of all peoples to their own land." and he expressed the wish that this might be attained through dialogue between peoples.

Formigoni then stated that "to rediscover the human dimension of faith helps to play an active part in the needs and problems of man today. There is no longer room for a religion as pure tradition or as a reference to the past. Today Christian faith calls us to a solid commitment, it is the source for a way to look at the world, at things that make one feel like a brother to other men and make one commit oneself to seeking a solution to concrete problems."

On the subject of peace, the Honorable Flaminio Piccoli, chairman of International Affairs at the DC, emphasized that our country cannot play a secondary role. And

on the subject, he expressed the wish to establish communications between the various countries facing the Mediterranean Basin in order to arrive at a real meeting of the minds for peace that is based primarily on the culture and education for freedom on all levels.

"Italy," Piccoli stated, "must show more than it has up to now its capacity to mediate for peace in a Christian manner, the kind of peace that is not achieved through fear, but with the will of men with faith in ideals and faith in God."

For his part, Cardinal Paul Poupard, president of the Pontifical Council for Culture, underscored the importance of dialogue between the three great religious traditions of Abraham's stock born in the Mediterranean: Judaism, Islam and Christianity. "Jews, Christians and Muslims," Cardinal Poupard stated, "have a common standard of work in the building of a new humanism that respects religious values."

For Giuseppe Di Fazio, chairman of the International Meeting in Catania, the meeting was the confirmation of being a moment of coming together and dialogue between representatives of different cultures, peoples and religions. "Its success is evidenced," he said, "also by the participation of individuals coming from seven countries of the Mediterranean and by increasingly numerous and attentive audiences."

"We can really say," Di Fazio stated, "that our Ulysses is the man seeking a new man, open to modern times, but, at the same time, willing to fit today's changes in society into a religious horizon. His return then should not be looked upon as a return to the past, but as an attempt to join the new to the values of tradition."

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## DELEGATION OF MALTESE 'FUTURE LEADERS' VISITS ITALY

Rome IL TEMPO in Italian 1 Dec 86 p 12

[Text] To look at them they seem to be exactly the same as their Italian counterparts of the same age. Be careful, however; keep an eye on these "magnificent twelve." They are probably the greater part of their country's leader class in a "test tube." At least they hope so. Everything will depend on the ballot box, which will provide an answer in 3 months. In the meantime, the young Maltese of the Kazin Nazzjonalista are sharpening their weapons for what is foreseen to be one of the most crucial electoral campaigns in the history of the little island in the Mediterranean.

In order to "learn as candidates" (many of them, beginning with the leader, Michael Frende, will be on the ballot), they have chosen Italy, a country to which they constantly look as a reference point. The initiative came from the Foggia Lions Club, the city that hosted the tour's initial phase: a week's stay in Puglia during which the "young Lions" will live in close contact with political representatives, government agencies and, most importantly, with the young men of the Popular Movement to which the Maltese nationalists are bound by very strong ideological and cultural similarities.

The week in Italy will conclude with a visit to Rome during which it is expected to make an evaluation of this brief "full immersion." After which, it is on to the actual political battle. In addition to furthering their knowledge of the democratic mechanisms and refining propaganda techniques, the Maltese came to Italy to seek solidarity as well.

his apparently is the most important purpose of the visit, a visit to which Kazin Nazzjonalista has given official connotation to the point that the secretary general of the party, the Honorable Louis Galea, was invited to escort the "young sprouts." He denounced the internal situation in his country in a dramatic manner.

He did so in a manner that was quite hard towards the Italian government, which he accused of supporting Karmenu Mifsud Bonnici, the socialist premier who is known in Malta as "Minister Zero" because of the number of votes he obtained in the elections. Never elected by the population, Bonnici was actually "coopted" in the parliament thanks to the intercessions of his predecessor, Dom Mintoff. Thanks to the socialists responsible for the reform of electoral districts, Bonnici's party enjoys a majority in parliament, despite the electoral results.

These are only some of the paradoxes of a system that, according to the nationalists, is on the road of no return for an authoritarian regime. Are these exaggerations?

It could be. Galea's troubling charges are clearcut: intimidations, free and partisan use of television, dismissal of magistrates who are unliked, corruption and violence.

"There have been many cases in which Maltese citizens suffered torture during questioning. Some of them were forced to sign statements against their will," Galea stated. According to the nationalist leader, there have been individuals who "acted in defense of their human dignity against the wickedness of some policemen." Some have been found murdered. Others have disappeared and have never returned. Bombs were set off, even in the archbishop's residence.

It is a situation of creeping quasi-guerrilla warfare, often compared to that of Italy during the period immediately preceding the fascist take-over. This is also the reason that the Maltese nationalists look to our peninsula as being the most direct and productive way to prepare a campaign that is increasingly taking on the characteristics of a crusade.

The outcome of the "crusade" cannot but affect, even in an indirect way, our country, Malta's most important "neighbor across the street." However, Italy risks becoming aware only when it is too late.

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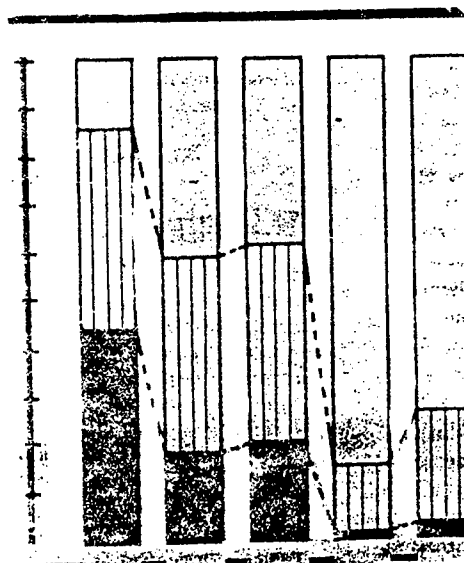
## CAVACO SILVA MORE POPULAR THAN PSD GOVERNMENT

## Poll Results

Lisbon TEMPO in Portuguese 18 Dec 86 pp 1, 10-11

[Text] A poll by the Institute of Political Studies [IEP] reveals that Cavaco Silva's popularity is much higher than that of his government. The latter is viewed favorably by only 37 percent, while the prime minister has the approval of 51 percent of the voters. That absolute majority in terms of favorable opinion concerning Cavaco Silva's conduct in government leads to the immediate deduction that many voters for the opposition parties approve of the way he has conducted himself in the government. As a matter of fact, that deduction is corroborated by the same poll, which shows that 16 percent of APU [United People's Alliance] voters, 38 percent of PRD [Democratic Renewal Party] voters, and 36 percent of PS [Socialist Party] voters feel that he has governed well or very well.

The graph shows how voters for the main political parties view the way in which Cavaco Silva has performed as prime minister (excluding those who do not know or did not respond). The white area represents those responding "well or very well"; the lined area those who say his performance has been "neither good nor bad"; and the black area those who say it has been "poor or very poor."



A majority of those responding also feel that if the government falls, it will be necessary to call new elections. It should be noted that most of those saying that another solution is possible without holding early elections also feel that the PSD [Social Democratic Party] should be invited to form a new government, while those suggesting other solutions are divided into groups too small to be representative.

About 37 percent of those interviewed in this poll by the Institute of Political Studies acknowledge that the performance of Cavaco Silva's government has been good or very good, and 43 percent say it has been neither good nor poor. This means that only 14 percent of mainland voters feel that the government's performance has been poor or very poor.

About 54 percent of the voters are of the opinion that the president of the republic should call new elections if the current government resigns. Only 29 percent favor the formation of a new government without holding elections.

With the publication of these poll results, TEMPO is beginning implementation of an agreement with the Institute of Political Studies to publish polls and analyses by that institute.

It should be recalled that the IEP is a foundation that was established in 1984. Its primary purpose is to support research in the area of political science and promote the discussion of ideas. Its activities are focused on three basic areas: culture (sponsoring seminars, conferences, and so on), pedagogy (offering free courses in political science), and scientific research (cooperating with other institutions--specifically universities--in the study and publication of written works, among them the REVISTA DE CIENCIA POLITICA).

The Institute of Political Studies is headed by Secretary of State Pedro Santana Lopes. Its board of directors consists of its chairman and the following: Manuel Azevedo Ruca, Jose Luis Missionario, Sousa Lara, and Antonio Pinto Leite. In its polling work, the institute is assisted by a group of specialists under the direction of well-known experts from Portuguese polling institutes.

While favorable opinions of the current government's performance do not make up a majority, at least one thing is certain: this government is no worse than the previous one as far as most Portuguese are concerned, since only 10 percent of them say that it is governing worse than the previous one. The remaining 81 percent who expressed an opinion feel that it is governing better than the previous government (47 percent) or at least as well (34 percent).

The PSD's voters are the ones who reveal the most favorable opinion concerning the government's performance: about 64 percent say that its performance has been good or very good. And about three out of every four voters feel that this government has governed better than the previous one.

Those who voted for the APU in October 1985 are naturally the ones showing the greatest dissatisfaction with the current government's performance: 41 percent

answered that it has performed poorly or very poorly. Despite everything, over half of those voters say that its performance has been neither good nor poor (46 percent) or that it has been good (7 percent). In terms of unfavorable assessments of the current government, the next highest percentages are found among the PRD's voters (25 percent say "poor or very poor") and the PS' voters (18 percent). Among those voting for the CDS [Social Democratic Center Party] or the PSD, only 6 percent and 5 percent respectively are of the opinion that the government has performed poorly or very poorly.

Table 1: Government Performance

<u>Performance is:</u>	<u>%</u>	<u>Better or worse than previous government?</u>	<u>%</u>
Very good	5	Better	47
Good	32	The same	34
Neither good nor bad	43	Worse	10
Bad	10	Don't know/no answer	9
Very bad	4		
Don't know/no answer	6		

Table 2: Voter Opinion, by Party, of Government Performance

<u>Government performance</u>	<u>CDS</u>	<u>PSD</u>	<u>PS</u>	<u>PRD</u>	<u>APU</u>
Very good	6%	12%	1%	-	-
Good	51	52	21	24	[?]
Neither good nor bad	37	28	55	48	46
Bad	6	3	17	18	14
Very bad	-	1	2	7	3
Don't know/no answer	-	4	4	6	2

#### Economic Development Most Favorable Area

The government's performance in some specific areas of the country's life has not been as good as its overall performance. Economic development is the area in which the government is recognized as having performed best: 32 percent say that its performance in that area has been good or very good, and only 20 percent say that it has been poor or very poor. The other areas in which its performance is considered most favorable are listed here in declining order, [with the percentages of favorable and unfavorable opinion shown in parentheses]: law and order (23 and 36 percent), education (22 and 31 percent), cost of living (25 and 40 percent), health (22 and 40 percent), and unemployment (17 and 47 percent).

Voters between the ages of 25 and 34 and those over 45 years of age have a more negative opinion than the other age groups when it comes to the government's performance in connection with the cost of living and unemployment, and women have a comparatively less favorable opinion than men. Male voters say that the government has performed poorly or very poorly in those two areas (34 and 41 percent respectively), while in the case of women voters, the figures are 45 and 50 percent.

Table 3: Areas of Best and Worst Government Performance

<u>Area of National Life</u>	Very good/ <u>good</u>	Neither good <u>nor bad</u>	Bad or <u>very bad</u>	Don't know/ <u>no answer</u>
Cost of living	25%	31%	40%	4%
Unemployment	17	29	47	7
Law and order	23	38	26	13
Health	22	31	40	7
Education	22	35	31	12
Economic development	32	34	20	14

#### Opposition Appreciates Cavaco Silva

In this public opinion poll, which was conducted just after Parliament debated the 1987 budget, over 51 percent of the voters said that Cavaco Silva was doing his job very well. Only 13 percent said he had been doing it poorly or very poorly, and 30 percent said his performance was neither good nor bad.

Even those who vote for opposition parties have a relatively favorable opinion of Cavaco Silva's performance as prime minister. In fact, his performance in that job is considered good or very good by 13 percent of the APU's voters, 38 percent of the PRD's voters, and 36 percent of the PS' voters.

But it is among PSD and CDS voters that Cavaco Silva finds his qualities as prime minister recognized: more than 8 out of 10 PSD voters and 7 out of 10 CDS voters say that he has done his job well or very well.

In terms of population groups, Cavaco Silva's performance is described as good or very good by those between the ages of 18 and 24 (62 percent), those between the ages of 35 and 44 (53 percent), and male voters (54 percent).

That recognition of his competence is due, of course, to the level of intelligence, competence, decisionmaking ability, leadership, and authority with which Cavaco Silva performs his duties. Those are the chief qualities attributed to him.

Table 4: Cavaco Silva's Performance as Prime Minister

Cavaco Silva has done his job:	TOTAL	Party				
		CDS	PSD	PS	PRD	APU
Very well	12	20	27	9	4	2
Well	39	50	56	27	34	11
Neither well) nor poorly )	30	22	13	39	37	42
Poorly	10	3	1	16	18	21
Very poorly						
Don't know/ no answer				0	1	



## Hope in the Future

The country's economic situation has improved over the past 6 months, either greatly or slightly, according to 47 percent of the voters, while 29 percent say that it has stayed the same, and 21 percent say it has deteriorated either greatly or slightly.

There is also optimism and confidence that the country's economic situation will improve over the next 6 months, even though the poll was conducted after the budget was debated in the Assembly of the Republic. About 39 percent think that the situation is going to improve (either greatly or slightly), 20 percent think it is going to deteriorate (greatly or slightly), and 27 percent think it will stay the same.

Those most confident in the future of the economic situation over the next 6 months are PSD voters: 64 percent believe the situation will improve (greatly or slightly). They are followed, in order, by CDS voters (35 percent think it will improve greatly or slightly), the PRD (34 percent think it will improve slightly), the PS (24 percent expect great or slight improvement), and the APU (13 percent expect great or slight improvement). The APU's voters have the most pessimistic view of the future: about 51 percent think the situation is going to deteriorate greatly (20 percent) or slightly (32 percent).

Table 5: Economic Situation During Previous and Coming 6 Months

During the past 6 months, the economic situation:		During the next 6 months, the economic situation will:	
	%		%
Improved greatly	4	Improve greatly	3
Improved slightly	42	Improve slightly	36
Stayed the same	29	Stay the same	27
Worsened slightly	13	Worsen slightly	14
Worsened greatly	8	Worsen greatly	6
Don't know/no answer	4	Don't know/no answer	14

Table 6: Voter Opinion Concerning Development of the Economic Situation Over the Next 6 Months

Over the next 6 months, the economic situation will:	Party (%)				
	CDS	PSD	PS	PRD	APU
Improve greatly	3	7	1	-	2
Improve slightly	31	57	23	34	11
Stay the same	23	21	32	30	10
Worsen slightly	12	4	21	15	31
Worsen greatly	6	1	6	14	20
Don't know/ no answer	25	10	10	7	20

## Budget Debate

About 43 voters out of every 100 do not know whether the government or the opposition held the correct viewpoints concerning the OGE [General State Budget] for 1987. Only 28 percent feel that the government's viewpoints are the correct ones, while 14 percent say the opposition is correct, and 15 percent say they are both wrong.

The government's viewpoints are considered correct mainly among CDS and PSD voters (52 percent and 54 percent respectively). It is the opposition which has the correct viewpoints according to APU voters (47 percent), PS voters (26 percent), and PRD voters (17 percent). But in those two last-named parties, most people do not know.

## Government Should not Resign

Only 1 out of 10 voters feels that Cavaco Silva's government should have resigned following the debate on the OGE in the Assembly of the Republic. On this issue, there is also a high percentage of respondents with no opinion (37 percent). Voters who answered that the government should remain in office (53 percent) said that it should continue by making use of the opposition's suggestions (28 percent) or by following its own budget plan (24 percent).

Opinions differ most sharply between voters committed to the various parties. About 38 percent of the APU's voters and 15 percent of the PS' voters think that the government should resign, but only 3 percent of the CDS, 4 percent of the PSD, and 7 percent of the PRD share that opinion. Apparently at least, voters in the opposition parties base their stand on ideology (APU) and strategy (PRD).

Table 7: Voter Opinion, by Party, of What Government Should Do Following OGE Debate in Assembly of the Republic

The government should:	TOTAL	Party (%)				
		CDS	PSD	PS	PRD	APU
Resign	10	3	4	15	7	38
Remain, but follow suggestions	28	31	23	35	37	22
Pursue own plan	24	46	46	13	11	5
Don't know/ no answer	38	20	27	37	45	35

## Voters Want Elections if Government Resigns

About 54 out of every 100 voters are of the opinion that the president of the republic should call new elections if the current government resigns, and only 29 percent expressed support for forming a new government without elections.

In the opinion of that 29 percent, the president of the republic should invite the following to form a government: PSD (22 percent), PS (13 percent), PRD (3 percent), PCP (2 percent), PSD and PS (9 percent), PSD and PRD (4 percent), PS and PRD (8 percent), and PS and PCP (7 percent). About 33 percent had no opinion or declined to answer.

The PSD and the PS, either alone or in coalitions, are the parties that should be called upon to form a government if this solution is chosen by the president of the republic. But this is not the solution desired by the majority of voters. Calling new elections is the solution preferred by the majority of voters in all parties, especially those in the CDS (69 percent) and the PSD (67 percent).

Table 8: What President Should Do if Government Resigns

If the government resigns, the president of the republic should:	Party (%)					
	total	CDS	PSD	PS	PRD	APU
Call new elections	54	69	67	43	41	45
Form new government	29	23	20	41	44	41
Don't know/ no answer	17	8	13	16	15	14

## PRD Voters Least Stable

If elections were held now, the PRD would lose 6 percent of its voters to the PSD, 7 percent to the PS, and 2 percent to other parties, while 34 percent are undecided. CDS voters would be the second most fickle group: 26 percent would vote for the PSD, 3 percent would vote for other parties, 3 percent would not vote, and 9 percent are undecided. The PS would lose 6 percent of its voters to the PSD, 3 percent to the PRD, and 1 percent to other parties, and 16 percent are undecided or would cast blank ballots. The PSD would lose 2 percent to the PS, while 10 percent are undecided or would cast blank ballots. Like the PSD's voters, the APU's voters would exhibit little mobility, with only about 3 percent going over to the PRD, 4 percent voting for other parties, and about 9 percent being undecided.

## Commentary on Poll Results

Lisbon TEMPO in Portuguese 18 Dec 86 p 11

[Commentary by Gouveia de Albuquerque: "Cavaco Is not the Government"]

[Text] Analysis of this IEP poll reveals that Cavaco Silva and the government enjoy different levels of popularity and that the prime minister comes out ahead in the comparison. Cavaco Silva is considered by 51 percent of the voters to be performing his job very well, while 37 percent feel the same way about the performance of the government he heads. That result means that Cavaco Silva enjoys a greater reserve of popularity than the government does.

It is surprising that even those who usually vote for the opposition parties have a relatively favorable opinion of Cavaco Silva's performance as head of the government, since 13 percent of the APU's voters stated in the poll that he has performed well or very well, and their opinion was shared by 38 percent of the PRD's voters and 36 percent of the PS' voters.

Only 29 percent of the voters consider elections unnecessary if the government resigns. It is important to emphasize, however, that most of them (22 percent) feel that the chief of state should invite the PSD to form a new government in that eventuality. Here again we see Cavaco's popularity. The fact is that the people who usually vote for the PSD or the CDS are the ones who want new elections, thus showing that they have no fear of new elections because they are confident that the result would again be a majority for the Social Democrats. Moreover, most of those who consider new elections unnecessary say that the PSD should be invited to form a new government. This means that they recognize the PSD's continuing legitimacy as the party that should continue to govern and that, as a result, they see no need to subject the country to new elections. The gist of their feeling is, therefore, that they want political stability and that they want to spare the country an election campaign and elections that would not change anything in the country's party-political panorama.

It also means that the citizens have not accepted the PCP's insistently stated suggestion that the government be dismissed and that the Assembly of the Republic then come up with a solution to the crisis by forming a "national coalition" government to be made up of the PS, the PRD, the PCP, and the MDP [Portuguese Democratic Movement].

Incidentally, it turns out that the percentages of opinion favoring other solutions to the crisis besides new elections and another PSD government are insignificant: 13 percent suggested a PS government, 3 percent suggested the PRD, and 2 percent suggested the APU. Also insignificant are the suggestions concerning coalitions: 9 percent proposed a PSD-PS coalition, 4 percent suggested the PSD and the PRD, 8 percent the PS and the PRD, and, lastly, 7 percent suggested a coalition between the PS and the PCP.

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CSO: 3542/37

## QUALIFIED PS-PSD UNDERSTANDING ADVOCATED

Lisbon SEMANARIO in Portuguese 13 Dec 86 p 20

[Article by Jose Miguel Judice]

[Text] The political situation is growing increasingly comatose and tending toward the creation of genuine political impasses, as always happens when the capacity for destruction is much greater than the capacity for construction and none of the opposing political forces are capable of finding the minimum consensuses among themselves that would enable them to progress toward overcoming those impasses.

What is happening is simple and obvious. The PRD [Democratic Renewal Party] is in a state of very severe internal turmoil, with every indicator pointing toward a drop in popular support that has not been changed in the least by the fact that Ramalho Eanes has taken over as the party's colorless leader. For that reason, the party has chosen to provoke a political crisis as quickly as possible--or at least it has putting greater distance between itself and the government in an attempt to give public opinion the impression that it is definitely an opposition party. Ramalho Eanes wants the government to fall, the sooner the better and, if possible, with the blame being placed on the PSD [Social Democratic Party]. Ideally, that should be followed by a solution for government that does not involve elections and one in which the PRD will be represented in proportion to its current weight in Parliament.

For its part, the PS [Socialist Party], following the failure of the Democratic Left Convention, aspires to defeat the PRD first so that it can then think about defeating the PSD. With that in mind, the PS finds it fitting that the government should stay in power a little longer and continue eroding while the PRD weakens a little more. In the view of the Socialists, no crisis must occur in the near future, and when a crisis does break loose, it must be resolved through elections. The fact is that legislative elections will probably result in a clear victory by the PS over the PRD, make the Socialists the institutional alternative to the PSD and Constancio the alternative to Cavaco, and also strengthen the secretary general's position before the congress in 1988 so that he can promote his own men and produce a significantly better electoral score for Almeida Santos and Soares in the first round of the presidential election.

As for the PSD, anything is preferable to letting itself decay in the government by losing a little more support every day, seeing one more area of competence withdrawn from the government every day, and giving a greater impression every day that it is simply acting as the caretaker of an unviable system which it cannot reform. And for the PSD, the appropriate solution following a crisis--which must not be provoked by the government--is an election from which the PSD will emerge stronger in the Assembly of the Republic even if it does not obtain an absolute majority.

The options are also clear as far as the CDS [Social Democratic Center Party] and the PCP are concerned. Adriano Morcira's party is interested in drawing closer to the PSD again, either by seeing the PSD enter the opposition, where the two parties can wage joint struggle against the Left, or through new elections that will give those two parties an absolute majority. For the CDS, therefore, everything will be fine as soon as it can continue to give the government systematic support. That leaves "only" one cause for concern: the electoral results as foreseen in the polls.

And the Communists have a special interest in avoiding any situation in which there is a "rightwing" majority (that explains why they do not want elections under any circumstances) and any situation in which their support is not needed for a potential alternative (and the issue of private television proves that a majority exists for defeating the government but that without the PCP, there is not a majority for doing anything else). The Communists want a crisis, no doubt, but only if there is no real danger of early elections. Rather than face that danger, they would prefer--obviously--to see the government stay in power. And with every day that passes, they are going to be less interested in seeing the government fall, no matter how much they say or write the contrary.

If that is the context, the way out of the impasse seems obvious. The only "operational majority" for action is one formed by the PSD and the PS. By this I mean that between those two parties, there exists a majority and a community of interests enabling them to formulate a strategy and act in a complementary manner. In no way does it mean that they must form a coalition or even admit the need to be partners in the government or in supporting a government. On the contrary, what must be achieved between the PSD and the PS is the essence of political conflict in Portugal. What I mean by "operational majority" is something quite different, and I will explain it below.

The situation is that at this juncture, the specific interests of the PS and the PSD coincide with respect to what must be done. They coincide with respect to the model of a political system to be promoted in Portugal, and they coincide with respect to the basic outline of a pluralistic political culture in which the political game must be played. None of this is new to anyone with the patience to read what I write, because for many months I have been advocating it explicitly, even when support for such theses was less obvious and less widespread.

Both parties have a real interest in not provoking a crisis in the near future which, if it occurred, would lead to elections strengthening the influence of

each of them and create conditions for alternation between two blocs, each headed by one of them. And both parties accept in common a miscellaneous set of postulates which, for example, make it possible to reach consensus with relative ease on the subject of constitutional revision, find a solution for regionalization, complete the organization of those legal instruments on which the authority of the state and the safety of the citizens are based, and restructure and open up the state-run business sector--not to mention their well-known consensus on matters of foreign policy and defense.

The solution--which is, when all is said and done, a kind of proposal--therefore seems obvious. The PSD and the PS must reach agreement, as I have been advocating in a pioneering manner for many months, in the following areas: the holding of early elections before the period of constitutional revision begins (October 1987); the major outlines of that revision; structural reforms, particularly in the state-run business sector, agriculture, and the major legislative instruments; a minor change in the election system to divide up the larger election districts, with a guarantee that the constitutional revision will include changes allowing, with no room for doubt, a system of the West German type; and the "granting" to Vitor Constancio by the prime minister of informal status as his alternative, as is done in the British system.

This would make it possible, first of all, to prevent 1987 from being a negative year, from the national point of view, in which the confidence of investors would be lost to the benefit of no one. Second, it would make it possible to take a significant step forward in modernizing our political system. It would then be possible for the PS to take part of the credit for the moment of prosperity and optimism, thus strengthening its credentials as a responsible political force, while the PSD would loosen up a little without at the same time losing its character as a self-assured party determined to achieve its objectives.

Everything said here has been said repeatedly for quite some time. The big advantage is that with every day that passes, more and more people--on the left and on the right--are supporting it directly or indirectly. But it is still too early to talk about a movement in public opinion that will make the change inevitable. There is a dose of voluntarism in what has been said. What that means, in other words, is that all of this will be possible only if Cavaco Silva and Vitor Constancio are able to agree on what their interests are and to realize that in this case, those interests correspond to the general interest.

11798

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## POSSIBLE PSD-PRD AGREEMENT CONDEMNED

Lisbon O DIABO in Portuguese 10 Dec 86 p 2

[Article by Jose Miguel Judice]

[Text] The statements by Ramalho Eanes in Braga (in which he made a general attack on the government and urged the PS [Socialist Party] to head up an alternative solution without elections) could not have come as a surprise to anyone with even a minimally clear view of politics. But they did throw a bucket of cold water on those within the PSD [Social Democratic Party] who are doing everything possible--as they have done and will do everything possible--to avoid at all costs the danger of losing government power or the powers they enjoy.

In fact, it was obvious as far back as the 1986 elections that the PRD [Democratic Renewal Party] had no alternative but--as I wrote a year ago--to keep a "pilot light" going under the PSD and its government by hinting that the latter had its support but never letting anything happen that would allow the PSD government to play more than a caretaker role in an unviable system. It probably also appeared obvious to any observer of average perspicacity that as the months passed (and the erosion of the PRD continued), the PRD would probably intensify its oppositionist bent, especially as soon as Ramalho Eanes assumed leadership of the party.

The PRD could not block the government, but neither could it allow the latter to implement its program, just as it cannot continue to disintegrate outside the area of power. The PRD knows that it is a party like any other, especially the more it claims to be different. It therefore knows that in the current stage of Portuguese development, only a period in power can give it some hope of reversing the trend toward its disappearance. It also knows that it has no possibility of retaining its current number of deputies, and because of that, it must bring about the fall of the government, but preferably without elections.

All of that is obvious, at least to anyone who has moved in this world of politics for the past 10 years and been able to witness the most varied examples of political hypocrisy on the part of the president of the republic during that time. All of General Eanes' professional training has been in the



field of psychological action and "bluff"--in being skilled at suggesting that he was far from Bissau while foreign reporters were being taken around just a few dozen kilometers away. That was the way he was, and that is the way he continues to be: then it was because of the needs of war; now it is because of the needs of politics.

What is not so obvious is the tendency which exists in the PSD--and I would say it exists there naturally--to try, in the face of all the evidence, to find theories enabling it to stay in power at all costs. Throughout the years, in fact, there has been in the corridors of power a succession of political figures who have always tried to advise the leader of the time--and those who succeed him--in such a way that through all the changes in reality, the only thing that will not change is the position occupied by those figures.

Leaders and circumstances follow each other in succession, as do alliances and options. Devoid of ideas, unconcerned with values, as elastic as chewing gum, as moldable as modeling clay, and clinging to the leaders like gum arabic--and frequently viewed as being the most loyal of the loyal, since in their eyes loyalty is the price of perpetuity--these opportunists dance from side to side. They supported the AD [Democratic Alliance] with no hesitation and no problems, and in it they were ministers, leaders of parliamentary blocs, secretaries of state, and musclemen in planning regions. They supported the central bloc with no hesitation and no problems, and in it they were again all of those things and much more besides. They supported the alliance with the PRD, and in it they hoped to be ministers, leaders of parliamentary blocs, secretaries of state, and everything that expresses power and enables one to accumulate it. And now that the wind is changing, we will soon hear them defending what they previously attacked: supporters of a new AD or an alliance with Freitas do Amaral. But whatever happens, on the day after the leader makes his options known, they will be flattering him and agreeing with everything that was done.

What is not so obvious--or at least not so healthy--is that things should be this way and that every time things change, they should be jumping into the front line of change--always the last to change, but always the first to shout that they were thinking the new way from the very first, sometimes having the modesty to say that party discipline was what forced them to keep silent, but sometimes not even that.

They are weather vanes indicating change and perpetuating themselves because they offer no resistance to anything. They are useful mercenaries, but they are fighters who change sides in accordance with their own interests, with the result that they are always dangerous and treacherous allies or servants. And thanks to the weariness of those who are different, the annoying straightforwardness of those who have values, and the disillusionment of those who are idealists, the percentage of opportunists is rising steadily in the palaces of power, where they are becoming increasingly better situated. They protect and promote each other, they place each other in jobs and intermingle with each other, and they help each other in the certainty that there is always more power to be accumulated and that, consequently, there are always more sinecures to be distributed.

The thing that is serious, therefore, is not that the PRD is revealing itself to be that which should have been obvious from the start. The thing that is serious is that those responsible for the idea that the PRD was a trustworthy ally, a solid support, a docile collaborator, and a traveling companion--those really responsible for the diffuse feeling throughout these past few months that Cavaco Silva was willing to pay any price to stay in power--are now preparing to face up to the cruel moment as they realize that the prime minister is not going to exchange consistency for a (watery) mess of pottage.

Cavaco Silva's appearance at the congress in Figueira da Foz saved the PSD from punishment by the voters following the resounding failure of the central bloc strategy. Those to blame for that failure immediately converted so as to lead, or try to lead, the PSD into new failures, one example being an agreement with the PRD. Now that they have been defeated, it would be a good thing if they accepted defeat. But they won't. These most loyal of the loyal, with their mentality of political toadies, are useful and perhaps indispensable. But let no one be surprised if limited electoral growth is the result.

11798

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## RIGHT'S FAILURE, LEFT'S DIVISION ANALYZED

Lisbon SEMANARIO in Portuguese 27 Dec 86 p 6

[Article by Marcelo Rebelo de Sousa]

[Excerpt] Right Defeated

February 1986 was not only the time of victory for Mario Soares: it also represented the clamorous defeat of the Portuguese Right.

It was a defeat for candidate Diogo Freitas do Amaral, but also a defeat--which many people tried to conjure away at the time, as though hiding it behind their fingers--for Anibal Cavaco Silva's strategy for building up a strong and lasting government in Portugal.

Cavaco Silva had considered it advisable to destroy the central bloc in order to force early parliamentary elections, bring the isolated PSD [Social Democratic Party] into those elections to secure his leadership of the Right and his hold on his party with respect to the presidential election--even at the cost (considered temporary) of forming a minority government--and support Diogo Freitas do Amaral so that, in cooperation with the latter, he could prepare the way for a coherent and stable parliamentary majority in the near future.

It was an enticing strategy (but one whose weaknesses were the subject of opportune warnings by us).

It would be--as it turned out to be--a ruined strategy if Freitas do Amaral lost the election in February.

In March, Cavaco Silva was left with no strategy--neither the ruined one he had thought up nor any other that could serve as an effective replacement.

He had to adopt the shrewd and inconsistent tactic of assumed support by the CDS [Social Democratic Center Party] and accommodation with the PRD [Democratic Renewal Party], in which General Eanes functioned as a safety fuse of unquestionable reliability.

The most difficult problem in politics is always that of realizing in time what is happening. And what has been happening to the government in these past few weeks was foreseeable in March 1986.

By losing its presidential gamble, the PSD, which had previously ruined a number of chances for a parliamentary majority and others involving electoral timing, would have to manage a weak, debilitated, and minority government. It would be dependent on a single party--the PRD--which had still not taken definite form, was without a permanent leader, and was losing voters with every step to the right that it was forced to take.

Despite the prime minister's skill in coping with the limited maneuvering space left to him, the defeat in February was going to have corollaries. Some--a few--in 1986. But most of them will not become apparent until after 31 December 1986.

Because the Right was defeated and is undergoing a process of intense and silent reorganization.

Because the PSD has been putting the squeeze on a small CDS, which is becoming increasingly unable to assert itself and therefore potentially more desperate.

And because it is foolish to believe, as some do, that a dead CDS on the right is a good thing or that the emergence of a new party, whether foundational in origin or not, is plausible. As long as the PSD alone or the Right as a whole (including the "modern Left" now appearing in its ranks) does not have a parliamentary majority, the major options will be postponed, and we will be living in an "intermission"--one that is lively and full of talent but inconclusive--while awaiting better days.

#### Left Deeply Divided

Whereas the Right was defeated in February 1986, the Left, for its part, achieved something even more original: it won the presidential election and came out of it deeply divided.

The Left's various components united to "hold back the reactionary forces," but with what mutual hate in their eyes! They faced up to certain political issues together by doing what various economic lobbies are so often forced to do: they kept their fingers crossed behind their backs. On the following day, each one had only one goal: to eliminate its annoying--because compulsory--ally of the day before.

Until October 1985, there had existed within the Left two parties with sizable representation in Parliament. In October 1985, their number grew to three, and those three were approximately equal in electoral strength.

In January 1986, there were also three leftist schemes and candidates (not including the wily duplication of air time on behalf of Zenha's candidacy that was represented by Angelo Veloso's candidacy).

In March 1986, those three presidential schemes had disappeared, but there remained three parties and at least two distinct schemes: one for a renovated PS [Socialist Party] headed by Constancio and wanting to be an electoral and governmental alternative to the PSD, and the other a plan for leftist unity among the PCP, the PRD, and the PS within the current parliamentary framework, which suits the Communists and the PRD but would be fatal to the Socialists.

In short, the Left is deeply divided as it leaves 1986 behind, apparently with the PS growing as leader, the PCP stabilizing, and the PRD navigating close to shore but with no shore in sight.

This year--1986--was one in which we settled much of our future by joining the EEC. It was a year in which, very probably, we decided who would be the president of our republic for 10 years.

It was a year in which the Right lost without realizing exactly how much it had lost and in which the Left won at the cost of having to start down its long road all over again.

Strictly speaking, it was a year in which there was only one real winner: Mario Soares.

He got his revenge for October 1985, and he does not have to say so every week to the prime minister when he grants the latter an audience at Belem Palace.

He defeated the entire united Right.

He crushed the Left, which was overburdened by the supreme weight that carried him to Belem Palace.

If there is justice in this world, the least that Soares must do to show appreciation for the early Christmas present he received is to use the modest powers of his agreeable office to help the country--which has been knocked down in one way or another by his victory--quickly find the stable form of government it still lacks.

Not much is being asked of Soares. Only that he be attentive to the course of events and, when the time comes, not stand in the way of stronger mechanisms leading, if not to coherent and stable parliamentary majorities, then at least to two clear and democratic hegemonies, one on the Portuguese left and the other on the Portuguese right.

That would be a good gift from Soares to the Portuguese. To the 25 percent who have always wanted him to be president. To the 25.5 percent who had to vote for him as president out of loyalty to the Left. And to the 48.5 percent who did not want him in Belem Palace but who want his term of office not only to serve for his self-fulfillment but also to help stabilize the country, which has no real political stability as it leaves 1986 behind.

11798

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## BILDT PUTS DEFENSE DEMANDS BEFORE POLITICAL COMPROMISE

## Nuclear Power Also Divides

Stockholm SVENSKA DAGBLADET in Swedish 29 Dec 86 p 3

[Article by Torgny Hinnemo: "Carl Bildt Not Ready to Compromise"]

[Text] "A definite strengthening of air defense and submarine protection in the next 5-year period is a prerequisite for our going along with a defense agreement." So said Conservative leader Carl Bildt in an interview with SVENSKA DAGBLADET.

"And we must also allow some room for modernizing the Army.

"All the experts agree that the best way to strengthen air defense is to buy more Viggen planes. This already existing airplane has been given high marks by people in other countries and it can be acquired at a reasonable cost."

Does that mean the Conservatives will not enter into any agreement that does not include a Viggen division and more coastal corvettes?

"There are also other components that are involved in air defense and submarine protection. But I have a hard time believing this will be possible. The Center Party says the same thing we do about the Viggen."

## Positions Set

According to Bildt positions are entirely set in the Defense Committee. Someone must make a new move to get a discussion going.

The defense issue has touched off an irritated exchange of words between Carl Bildt and Liberal Party leader Bengt Westerberg. In the draft of a speech Bildt made in Boden just before Christmas he stated that the "Social Democrats are concentrating on putting pressure on the Liberal Party." This led Westerberg to issue a press release before the speech was delivered which said among other things that "Bildt's statement suggests that he himself does not want a four-party agreement."

"That is a clear overreaction," said Bildt. "Never before has anyone made insinuations and incorrectly interpreted what another party leader meant. I was talking about the Social Democrats, not the Liberals."

#### Unsure About Carlsson

Prior to the quarrel with Westerberg, Bildt felt that the nonsocialist party leaders had learned to know each other during the fall and had set the tone for the debate among themselves. He said of Ingvar Carlsson that he was still a little unsure how the infighting between them will develop.

"I think he is likeable as a person and we have somewhat the same kind of sense of humor. At the same time Ingvar Carlsson is much more socialist in his convictions than many people have realized yet. It will be good if we can have a more ideological debate in the future."

Would we then see more ideological distinctions, even among the nonsocialist parties?

"I do not think the Conservative Party can be described in ideological terms in such a way that it is totally distinct from the other nonsocialist parties. But there are important individual issues on which we have totally different views. We differ from the Center Party on nuclear power and we are considerably more ambitious about tax policy than the Liberals."

With regard to nonsocialist cooperation Bildt said there is no hurry and that the important thing is that by January 1988 the parties can demonstrate views that are close to each other, for example by pointing to a number of joint resolutions in Riksdag.

Bildt thought it was a strength that the initiative for joint talks on family policy came from Karin Soder.

"It is the Center Party that has had a somewhat uncertain attitude toward cooperation among the nonsocialist parties," he said.

Bildt is less sure about the prerequisites for a joint line on tax policy, which he views as one of next spring's big political issues. But he thinks that with its recent move on tax policy the Liberal Party clearly indicated that it is prepared to discuss a reduction, albeit a small one, of the total tax burden with the Conservatives.

#### Not Entirely Divided

"I do not think we can be in total agreement on tax policy," he said. "We want to reduce the total tax burden."

The Conservative leader also said that the Liberal Party had moved closer to his party on the issue of privatizing individual companies as well as public services, child care and institutional care.

In Bildt's opinion tax policy on the municipal level is a really big problem for nonsocialist cooperation.

"On this point the other parties have a profile that often lies closer to the Social Democrats. It will not accomplish much if the nonsocialists manage to agree to reduce taxes in Riksdag but not on the municipal council level."

How many questions can the nonsocialists disagree on and still be able to cooperate in a future government after the 1988 election? For example, what about the earlier indication by the Center Party that it is unwilling to compromise on nuclear power development?

"It is very hard to judge before we get there. But bear in mind that we primarily need to agree on policy for the 1988-91 period. It is not decisive if we cannot agree immediately on election periods that lie further in the future."

Year 2010 Not the End

The result of the popular referendum in 1980 was that Sweden should not build more than 12 nuclear power plants and that these are to be operated as long as they make a contribution to energy production and are safe, Bildt said.

"We do not feel that one can say now that the year 2010 will be the end of the line."

Is there any prospect that the parties will be able to agree in the spring debate on phasing out nuclear power?

"It will probably be hard to bridge the gap between us and the Center Party in the next few months. No one knows where the government stands."

On the issue of nuclear power the party wants to convince anxious people that Swedish nuclear power plants are safe. Yet in the debate on personal files party spokesmen said that people's anxiety would play a major role in the decision. Why is that?

"One must take people's anxieties into account. When they are unjustified one must try to deal with them through information. With public files, on the other hand, there is a risk of control on the part of society and other threats to the security of the individual."

Bildt claimed that party spokesmen also inform people that there is considerably less risk of leaks from many research files, but when asked directly he could not point to any examples of this.

Most Important Issue

Bildt thinks the most important interpersonal political issue today is unprovoked violence.



"What we can do in the short run from the political side is to strengthen the police. In my opinion the more fundamental problem is a tendency since the late 1960's to downgrade parents and the family. Children have felt rootless and may not have received the guidance they need. Schools have been unable to give them any support either. That provides a good breeding ground for violence."

How important is the personal interest of the party leader when it comes to which issues are stressed in the fall debate?

"Of course the party leader's interest affects the treatment of various issues. My interest in the Nordic region and Europe will certainly give these areas a more solid weight in our policy. At the same time Ulf Adelsohn was more familiar with municipal problems. I have to learn more about that."

#### Spasmodic Impression

We asked about Ingvar Carlsson's emphasis on environmental issues as his special interest, in contrast to Olof Palme's involvement in foreign policy.

"Carlsson has given a somewhat spasmodic impression with regard to foreign policy, but I am not sure I believe in the talk of a special environmental profile. Through the years he has concentrated on many different issues. Carlsson is the one the Social Democrats put to work in areas where they have problems."

#### Conservative Paper Backs Stand

Stockholm SVENSKA DAGBLADET in Swedish 30 Dec 86 p 2

[Editorial: "Bildt in Uppsala"]

[Text] "The successful politician bases his power on the fact that he moves within the framework of accepted thinking and he thinks and speaks according to the current norms. It would be almost a contradiction in terms for a politician to be a leader in the realm of ideas.

"His task in a democracy is to realize which opinions are held by the greatest number of people, not to disseminate new ideas that may eventually become the view of the majority in the distant future."

Friedrich Hayek, winner of the Nobel Prize in economics in 1974, wrote those words in his masterpiece, "The Foundation of Freedom."

Hayek's words could be roughly interpreted as follows:

"Politicians and political parties do not win votes by speculating about what might be important for society in the long run but by speculating about what different groups of voters regard as their special interests in the short term."

Time after time political practice seems to confirm that Hayek is right. Interest combinations have an almost unlimited power in politics. Politicians seek success by declaring that promised reforms will not threaten subsidies and support systems that are already backed by large and important groups of voters.

The last campaign was a very clear illustration of this. The Conservative Party and later the Liberal Party as well had begun to raise serious questions about the basis for the Social Democratic society of subsidies and high taxes.

But in a well-executed campaign the Social Democrats struck back at those they called "a threat to welfare." In the Social Democratic creed a future that involves anything we do not have now is the very definition of evil.

Seldom has mechanical and unreasoning conservatism been given a freer rein in the Swedish political debate.

But this welfare conservatism involves a fundamental problem. Society does not stand still; it is in a process of constant change. Thus attempts to maintain the status quo at any price are futile. Even if the subsidy system, tax regulations and public institutions are preserved, they are operating in a constantly changing society. Thus policy effects will also change. The political solutions simply become outmoded.

This does not mean that one can win votes on a political creed that permits itself the radicalism, or actually the realism, of taking the mutability of society as its starting point. But Carl Bildt chose that very starting point in the speech he made to party leaders after the election at the Conservative Party's special congress in August.

Consequently the reactions to Bildt's remarks were quite confused. The other parties did not really know how to deal with a politician who did not stay entirely within the framework of "accepted thinking."

As time went by the Social Democrats and some Liberals decided to sneer at and deride this irritating new element. Self-righteous and overbearing political idiots agreed that Bildt's talk about the future and the transition to an information society would not upset political life in the world's best society, Sweden.

Yesterday in a speech in Uppsala Bildt referred to his speech at the special congress. More precisely he painted a picture of the development of computer technology and the fundamental changes this will entail for the developed industrial nations.

In his speech last summer Bildt primarily discussed the inadequacy of collectivism in the new society we are heading into. In his speech yesterday Bildt broadened this theme to apply to large-scale thinking in general. The large units and mass production will be replaced by small-scale and individualized units.

If one believes Friedrich Hayek's thesis Bildt is about to crawl into an ivory tower in Swedish politics. Of course Bildt is right. And of course what he is talking about is much more important for the future of Sweden than the government politicians' genuflections at the altar of the sacred Swedish model. But what good is that when the voters want to keep their transportation services and their housing subsidies?

However the question is whether Nobel laureate Hayek might not be wrong.

Many people, a growing number every day, are encountering the new technology and thinking about its challenge and its power to change things. They are much more interested in a debate that deals with the future that they can already discern themselves than in a liturgy that expresses a serene faith in what we have now.

6578

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## FIRST TRADE SURPLUS IN YEAR RECORDED AS IMPORTS DROP

## Energy Imports Important Factor

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 86 Sect III p 4

[Article by Hugo Gården]

[Text] For the first time in well over 12 months, there was a trade surplus in November. Imports dropped markedly.

To all appearances, the long awaited reversal of the trade balance has occurred.

For the first time since September of last year, a trade surplus has been ascertained. In November, exports were 270 million kroner larger than imports (in actual figures). Seasonally adjusted, there was a corresponding deficit.

In actual figures, there have been extremely large fluctuations during the past year, one of the reasons being changed exports from the shipyards and major changes in imports. But seasonally adjusted, there has typically been a deficit of well over 1 billion kroner.

Economists and politicians talk about a "reversal" of trends, and a closer look at the figures seems to verify it. The improvement has especially taken place on the import side.

## Imports

Imports were as much as 3 billion kroner below imports in October and 2 billion kroner below imports in November of last year. Imports are approximately 4.5 billion kroner lower than the top figure in October of last year.

Exports are 1.5 billion kroner below the October figure and almost 2 billion kroner below the figure for November of last year. Exports have not reached the export figures of last fall, but that is due to the strong krone, which means that Danish enterprises receive less money for the same volume of exports. Without the currency debasement, there has been an increase--November is 5 percent above the average for 1985, says Verner Puggaard, chief economist of the Federation of Danish Industries.

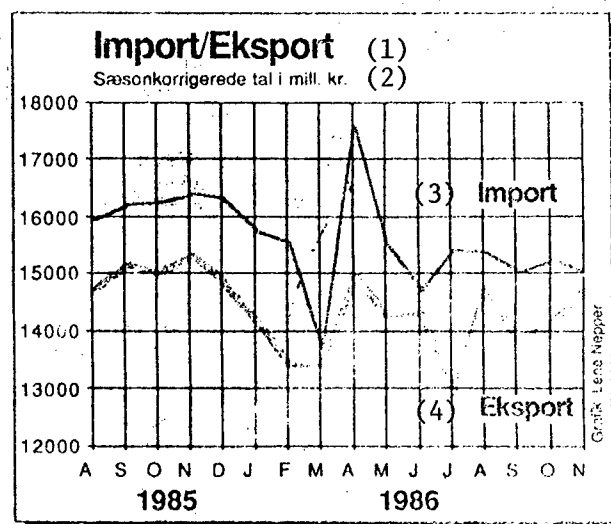
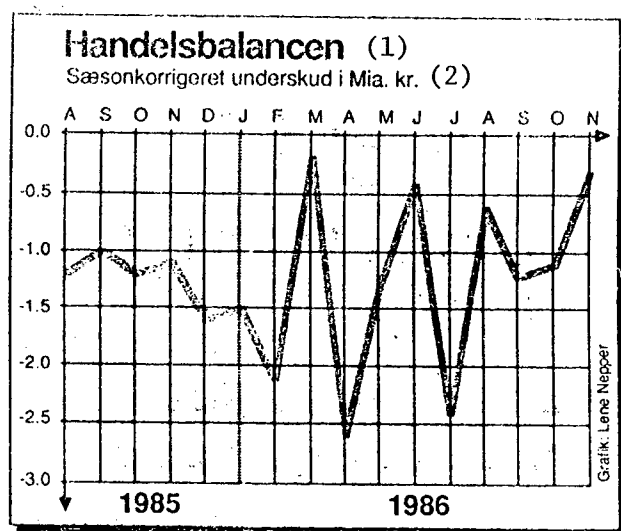
## Problems

However, the figures are not only nice. It is true that consumer goods imports dropped by nearly 1 billion kroner from October till November--a major reason being the potato diet. But in relation to the entire period during the last year, there has been no abrupt decline in the otherwise unusually large consumption. There has actually been a sharper decline in imports for the trades and industries--both for investments and for further processing.

The most marked decline took place in energy imports--of approximately 1.8 billion kroner compared to the top figure last fall.

So even if the reversal seems to have occurred, it has, to a large extent, been "free" by way of the decline in oil prices and the declining dollar rate, while the private consumption has not yet declined appreciably.

The total trade deficit for the first 11 months amounted to 13.8 billion kroner, slightly more than 13.6 billion kroner during the same period in the previous year.



Trade deficit trends during the past year. The past 6 months have seen extremely large fluctuations, but there is an indication of a change for the better.

The graph shows a marked reduction of the difference between imports and exports. It is on the import side that the improvement has occurred

### Key:

- (1) Trade balance
- (2) Seasonally adjusted deficit in billion kroner

### Key:

- (1) Imports/Exports
- (2) Seasonally adjusted figures in million kroner
- (3) Imports
- (4) Exports

## Strong Krone Aided

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 86 Sect III p 4

[Article by Hugo Gården]

Text] Total exports declined this year in terms of value on account of the strong krone.

During the past 12 months, everybody pinned his hopes on the exports. The exports were expected to solve the country's economic problems.

Things, however, did not go as painlessly. In terms of total value, exports declined compared with the previous year. In terms of volume, i.e., disregarding price trends and exchange rates, there was a slight increase.

The exports to the United States declined sharply, by approximately 20 percent. The dollar rate of exchange declined by approximately 17 percent. The surprising thing is that the export to our most important market, West Germany, was sluggish in spite of the increase in the value of the D-mark by 3-4 percent. That would result in an increase in exports of approximately the same magnitude. Exports, however, increased by less than 1 percent during the first ten months of the year. Exports reached the figure of 24 billion kroner as against 108 billion kroner for all of Europe and the total figure of 144 billion kroner.

The export trends have been "disappointing," says the financial report for 1987 of the Ministry of Finance. The Central Bank, however, does not put it in quite as gloomy terms but points out that the industrial exports retained their market share. The Federation of Danish Industries states that, when disregarding the currency trends and making adjustments for seasonal fluctuations, the industrial sector managed nicely. The volume of exports in November was then 5 percent higher than the average for 1985.

The Federation of Danish Industries expects an increase in the export rate next year by 3 percent in terms of volume (for industrial exports: 4-5 percent).

What upset the export picture this year was the reduction by 50 percent in energy imports (during the first 11 months, the energy imports were 4 billion kroner below the figure for the same period of 1985). Agricultural exports declined by well over 2 billion kroner, while industrial exports increased by 1 billion kroner. These changes are primarily due to the shifts in the currency rates.

### Year Trend Still Bleak

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 86 Sect III p 4

[Article by Hugo Gården]

[Text] The declining import rate rescued the trade balance, but that was also expected after 12 months of an unusually high import rate in spite of the drastic decline in energy imports. The rates of consumption and investments were higher in 1986 than expected.

Even if the export rate is often described as disappointing--not least on the part of the government--it is nevertheless the import rate which, in the course of 1986, gave rise to the greatest surprises in the economy. Such surprises have constantly been negative, but at the turn of the year, things started looking brighter. The import rate declined by 3 billion kroner from October till November.

During the first 11 months of the year, the oil bill amounted to as much as 14 billion kroner less than during the same period of the previous year, and that ought to have resulted in quite a nice improvement in the trade balance. Everywhere, the declining oil prices and the declining dollar rate of exchange were expected to have a stimulating effect on the economy.

That happened in this country as well, but in a quite unexpected way. In order to overcome the large balance of payments deficit, the government carried through a couple of Christmas packages involving indirect taxes, the most important one of which were the energy taxes, which were to neutralize the decline in energy prices. The billion kroner worth of savings were thus absorbed. The unexpected thing, however, was that the consumption rate, nevertheless, continued to increase at an unusually high rate.

Imports of goods for consumption, including automobiles, increased by 6.5 billion kroner, while imports for the industrial sector (investments and goods) increased by less than 2 billion kroner.

During the first ten months of the year, imports of machinery and capital equipment for the industrial sector increased by 3 billion kroner, while imports of goods for direct consumption increased by 4 billion kroner and imports of private cars increased by 2 billion kroner.

The Danes have thus not managed to exploit the declining energy prices but have, on the contrary, increased their private consumption drastically--by as much as 17 percent. But there has hardly been any increase in the production which will be paying for the imports--viz., the exports.

## Economy Minister Expresses Optimism

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 86 Sect III p 4

[Article by Per Lyngby]

[Text] A halt has been put to the increase in imports, says Minister of Economic Affairs Anders Andersen (Liberal Party). He does not expect any trade surplus for December but hopes for improvements throughout the next year.

"The reversal in the trend of imports has most certainly occurred."

In this categorical manner, Minister of Economic Affairs Anders Andersen comments on the fact that Denmark last November experienced an actual trade surplus of upwards of 270 million kroner. The surplus was especially due a marked decline in the rate of imports.

He still finds it too early to say whether the turning point for the problem of the Danish economy, the balance of payments, has been reached. Anders Andersen first wants to see the trade figures for December.

"I do not believe in any trade surplus for December," he tells BERLINGSKE TIDENDE, "for in order for that to happen, the Danish economy will have to start moving. The December figures will have to be only a couple of billion kroner better than in December of 1985, when we experienced a record-high deficit of 3 billion kroner."

Exports declined compared with November of last year. Anders Andersen would have preferred not to have had that experience.

Svend Auken, political spokesman for the Social Democratic Party, is of the same opinion. He is generally happy about the trade surplus but adds:

"It is hard to see any real basis for any major optimism with regard to the export sector. The competitiveness of Danish enterprises has declined, and we continue to lose market shares."

Anders Andersen repudiates the latter claim. He finds, on the contrary, that Danish industry is gaining market shares.

The new year's resolution for 1987 of the minister of economic affairs is to reduce the balance of payments deficit by 50 percent in relation to the deficit this year, which is expected to amount to 33 billion kroner. His resolution involves a surplus in the trade figures every month.

"I hope that this will hold true. If so, we shall be well on our way in the right direction," Anders Andersen says.

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## GOVERNMENT TAKES UP LARGEST FOREIGN LOAN IN COUNTRY'S HISTORY

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 86 Sect III p 3

[Article by Hugo Gården]

[Text] Denmark has taken up its hitherto largest loan in Japanese yen in the European bond market--a loan of 130 billion yen, equivalent to 6 billion Danish kroner.

In taking up this loan, the Department for the Management of the National Debt of the Ministry of Finance has repudiated recent criticism on the part of certain foreign newspapers.

"We have had no difficulty in obtaining the last three loans--on the contrary. All of them were increased because the demand was greater than expected, and this applies to the Japanese loan as well, which was increased from 100 billion yen to 130 billion yen in the course of a few hours last Friday," Niels E. Sørensen, head of the Department for the Management of the National Debt, tells BERLINGSKE TIDENDE.

But it is no secret that Denmark is pursuing a somewhat aggressive borrowing policy, one of the reasons being that a large part is used for the conversion of loans, so that high-interest loans are replaced by low-interest loans. Half of the yen-loan will thus be spent on the redemption of old yen-loans, and this will result in annual earnings for the state of 58 million kroner.

The loan was taken up through the Japanese brokerage firm of Daiwa. It is a new issue. It will mature in 5 years but may be redeemed after 3 years. It is the only euro-yen loan with a repayment period of 3 years. This generates greater interest in the loan, which, at the same time, is nearly 0.5 percent less expensive (5.18 percent as against 5.60 percent). According to the FINANCIAL TIMES, Japanese investors will purchase most of the loans, but European investors, too, have shown great interest. So far it has, in particular, been European investors who have purchased loans in euro-yen (i.e., loans issued in yen in the European market).

OECD, DANISH ECONOMISTS AGREE: LOWER GROWTH AHEAD FOR 1987

Copenhagen BERLINGSKE TIDENDE in Danish 19 Dec 86 Sect III p 7

[Article by Peter Gustafson]

[Text] The OECD agrees with both the government and the Federation of Danish Industries. However, the OECD takes a more negative view of employment trends. It is far from certain that things will go as expected, says Prof. Niels Blomgren Hansen.

The OECD economists agree with their Danish colleagues on Danish economic developments in 1987.

The competitiveness will decline further, but Danish industry will, nevertheless, succeed in increasing its export rate. The reason is that the domestic demand will decline, and Danish enterprises will, therefore, have to resort to the export markets to sell their products. The OECD, furthermore, agrees with the Danish economists that the import rate will decline and that this will cause a major reduction of the balance of payments deficit. The total impact will be an extremely modest rate of economic growth in 1987.

"The expectations of the OECD regarding the Danish economy in 1987 are in good agreement with the economic prognosis published last week by the Federation of Danish Industries. However, we do not expect an increase in the unemployment rate by more than 10,000, whereas the OECD expects an increase in the unemployment rate by 25,000," says Verner Puggaard, chief economist of the Federation of Danish Industries.

According to the OECD, Denmark will be able to achieve an economic growth rate of 0.5 percent next year, while the average OECD increase will amount to 2-3 percent. Verner Puggaard points out that Denmark, on the other hand, has had a considerably higher growth rate than the OECD during the last 2-3 years.

"Against that background, there is nothing wrong about the lower growth rate in 1987. And the low growth rate, of course, also reflects the economic policy measures of intervention," he says.

The economic prognoses of the OECD are also in fairly good agreement with the expectations of the government. According to the financial report for 1987,

the government, however, expects a somewhat higher rate of economic growth than the OECD estimate. On the other hand, the economists of the government take a somewhat more negative view of the private consumption, which they expect to decline by 0.5 percent.

"The new figures of the OECD look very much like the most recent estimates we have seen, but that, certainly, is no reason for things to go as expected," says Niels Blomgren Hansen, professor of economics.

He points out that recent years have seen incredibly large miscalculations in economic prognoses.

"It is quite conceivable that both the Danish economists and the OECD underestimate the strength of the economic upswing that we have experienced during the last couple of years," says Blomgren Hansen.

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## OECD PREDICTS ECONOMIC GROWTH, DECLINE IN COMPETITIVENESS

Rome LA REPUBBLICA in Italian 18 Dec 86 p 29

[Article by Franco Fabiani: "OECD is Promoting Italian Economy"] 1

[Text] Paris--For the fifth consecutive year, in 1987 and at least in the first half of 1988, the Italian economy will continue to gain. Even if, in the meanwhile, the competitiveness of its products in foreign markets gradually declines, unless there are adjustments in the exchange rates. This is stated by the OECD [Organization for Economic Cooperation and Development] in its annual economic report issued yesterday. According to the report, the growth in Italy's GDP, which was about 3.5 percent in the second half of 1986, could fall to 2.5 percent in the second half of 1988.

The improvements resulting from the drop in prices of oil and other raw materials will no longer be able to hide the persisting fragility of the foreign trade balance. Inflation has "appreciably" slowed, dropping to 5.2 percent in 1986 compared to 8.2 percent in 1985. Nevertheless, of this decline, because of tax absorption of the energy drops, only part (about half) benefited consumers. The rest served to limit the public deficit. According to the OECD report, the high unemployment level (11.3 percent in 1986) and the decline in inflation "have created a climate and a context conducive to wage moderation." However, it also observes that the profit increases in some sectors, and the renegotiation of the 3-year labor contracts, could encourage wage increases. Thus, the inflation rate, which could drop to 3.5 percent in the second half of 1987, would nevertheless still be higher than that of Italy's major trading partners, diminishing the profit in transactions with abroad. The trade balance could see a decline of more than \$2.5 million in 1987. Tourism also could be affected by the decline in Italian competitiveness. Particularly in regard to the United States.

According to the OECD analysis, the positive effects on foreign relations of the 8-percent devaluation of the lira carried out in July 1985 have already been completely absorbed. The volume of exports versus imports will continue to diminish steadily, such as to eliminate the current payments surplus toward the middle of 1988.

The OECD further maintains that the current tax policy in Italy, which tends not to burden the relationship between total charges and national income, requires adoption of new measures to increase revenues. Or to limit

expenditures to the planned levels. On the other hand, domestic demand, lacking other stimuli, will end up as the dragging force of the Italian economy for the next year and a half. The slowing of consumption, which, still according to the OECD, could decrease by 2 percent in the coming months, will be countered by a planned upswing of investments. These will remain strong in 1987, both in the industrial and real estate sectors, in particular in nonresidential construction.

At any rate, the worsening of the international competitiveness and the persisting pressure of domestic demand will probably negatively affect the growth of GDP, which, as was stated, could drop from 3.5 percent in the second half of 1986, to the 2.5 percent predicted by OECD for the second half of 1988. And, despite a gain of 0.5 percent for employment, the average unemployment could increase to 11.75 in the first half of 1988. Also, the rate of price increases should slow, after the successes achieved in the struggle against inflation. The OECD maintains that there will be a tendency to load onto domestic prices the absence of more ample margins on exports. This would allegedly be the necessary condition in order that foreign demand does not decline excessively.

The OECD's report also envisages a worsening of Italy's trade balance. It would allegedly be caused mainly, and until the first quarter of 1988, by increased volume of imports of agricultural and manufactured products. The OECD gives the figure for this increase as between an average of 6 and 7 percent per year. As for energy imports, these should remain stable in absolute value, but at prices ultimately lower by 4 percent.

Finally, the forecasts for progress of our currency. In regard to its variations with respect to the dollar, we should be able to count on a decline of 5 percent in the American currency. However, for Germany the best forecast is 6 percent, and for Japan 3 percent. The same is predicted for France, while the British sterling is expected to lose 3 percent in relation to the dollar.

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## GENOA PORT RECOVERY BLOCKED BY DISCORD

Rome LA REPUBBLICA in Italian 6 Dec 86 p 30

[Article by Piero Valentino: "Clash over Port of Genoa"]

[Text] Genoa---It was a little after 8 in the morning when the workers of the self-managed San Benigno company began their meeting in the "call-up room." It was a different atmosphere, in many aspects old. Also old was the anger that quickly exploded: "D'Alessandro has taken us for a ride." It did not take even a half-hour to decide not only to confirm the 24-hour strike declared Thursday evening in 5 minutes against D'Alessandro, but to dig out the banners and slogans and mount a demonstration outside the San Giorgio building, office of the Independent Port Consortium [CAP].

This was the end of a union truce that had lasted a thousand days and had been agreed on to restore the image of the Genoa port of call, implement the sacrifices that meant reduction of 5,000 work positions through job leavers and retirement, and create the bases to materialize D'Alessandro's "Blue Book," that is, the big project for transformation of the "Port of the Clouds," bureaucratic and corporate, into the enterprise port, where the consortium will coordinate the operating companies, which will in future be organized in industrial and managerial terms.

For 3 years the truce had proceeded in a chorus of agreements and cooperation, while leaving in a corner the key problem that has always been at the center of the port disputes: at the conclusion of this operation, who will really hold the power in the port? To what extent will the "managerial revolution" have buried the policy of the port workers, determined to negotiate everything with everyone and to keep independent control of the whole operational cycle?

The issue exploded when D'Alessandro announced that the 10 operating companies were ready, with balance-sheets in balance, but in particular the decrees ready with which the Consortium would in fact impose the "real revolution," that is, the new system for starting work (no longer the old "call-up" but a planned recruitment) and training of the operating "teams," significantly reduced. In practice, from now on the port workers will go to work where they are asked by the users and the Consortium, according to quarterly cycles and sector needs, under the control of the partners, that is, the operators and CAP.

In substance, this is the mechanism envisaged by the implementation provisions

of the Degan law on the harbors, which has been stalled in the Chamber in recent days.

D'Alessandro, at the decisive moment, when he perceived the consensus of almost all the economic elements of the city and the major management forces, also at the national level, went ahead on his own course: he accused the port workers--who were opposing "Containers S.p.A," the pilot company of his system, by proposing choices that they called more realistic--of making "late and useless" proposals, and called on them to "mend their ways." Yesterday, while the representatives of the port company were being received by Admiral Fontana, president of "Containers S.p.A.," the maritime services section of CAP approved the decrees that are to put an end to the old port system and concretely launch the enterprise port, while "Container S.p.A. was deciding on an increase of capital of 6 billion, with abstention by the workers' representative.

The attitude of the CISL was contradictory, on the one hand supporting the strike ("as long as it helps to resume negotiations"), but on the other hand viewing favorably the increase in capital.

In short, the announced divorce is proceeding rather dramatically: "They decided everything unexpectedly," said Alessandro Dacca, a leader of the regional transport CGIL, "without asking for any opinion from us in advance. You do not undertake an operation of this kind without consulting the workers, who have been loyal till now, cooperating with a thousand sacrifices. This will always be true in Genoa port. We do not want to confirm old privileges, but nor do we want to be put in a corner without even being warned. There was and still is the possibility of negotiation, but D'Alessandro feels he is so strong he can do without them. The city, and especially the press, have always and exclusively praised him, even when he was making pronouncements of pure imagery. Now it is a matter of changing the face of the port, and we who work there want to have our say." There echoes an old port saying: "They have to leave here": not only the shipments, but now also D'Alessandro. Nevertheless, the strike continues to remain in reserve.

Meanwhile, in a note issued yesterday morning at Madama building, Communist Senators Bisso and Urbani criticized the minister of merchant marine, Degan, for the "serious forcing" of the decree on ports, which allegedly caused its failure. In the view of the two parliamentarians, "The failure of the decree was really the result of the confused and contradictory atmosphere created by the government and by Minister Degan, who, immediately after approval of the bill by the Senate, twisted its meaning in implementation, trying to give it a limiting and distorted interpretation on essential points directly affecting the workers, such as turnover of the unemployment fund and the criteria for determining the minimum number of work days for purposes of calculating excess workers and thus those who must leave production." The two PCI senators maintain that also the majority is divided on these two points, and recalled that "the workers have answered, naturally, with struggle. In Parliament, the result of this government attitude has been the failure of the decree, whose validity was based on a difficult and complex government-union agreement."

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## BRIEFS

INGHILESI NAMED ICE PRESIDENT--Rome--Marcello Inghilesi is the new president of the ICE (Foreign Trade Institute). He was appointed yesterday by Minister Formica after the favorable opinion of the industry and Senate committee of the Chamber, obtained with a large majority. Marcello Inghilesi has been vice president of ENEL since February 1981, and in June of that year he added the duty, still within the ENEL, of chairman of the commission for activities abroad, concluding 45 cooperation agreements with power bodies and enterprises in 37 countries. The author of numerous publications on the subject of energy, Inghilesi was director of research for CENSIS in 1968. Subsequently, he worked at Techint, the international technical company in Milan. [Text] [Rome LA REPUBBLICA in Italian 20 Dec 86 p 37] 9920

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## LABOR GOVERNMENT ATTEMPTING TO DAMPEN CONSUMPTION, BORROWING

Stockholm SVENSKA DAGBLADET in Swedish 19 Dec 86 p 4

[Article by Margit Silberstein, SVENSKA DAGBLADET correspondent in Oslo: "Problem for Gro Harlem Brundtland--Norwegians Borrow and Consume Too Much"; first paragraph is SVENSKA DAGBLADET introduction]

[Text] Oslo---When Gro Harlem Brundtland's social democrat government , which sees reducing private consumption as its most important mission, comes back at Christmas time, it will receive an unwanted Christmas gift: bank lending increased in 1986 by 30 billion. The government's goal was 18 billion.

Certainly Gro Harlem Brundtland can be pleased that she managed with sweat and tears and the help of the middle parties to put a budget through the Storting before the end of the fall session. But that does not solve all the problems. The greatest is called private consumption, and it seems to be impossible to stop. Just during November borrowing increased by 7.2 billion, that is the largest figure ever registered for a single month. All the talk about an economic crisis from Gro Harlem Brundtland and her finance minister, Gunnar Berge, has obviously not impressed the citizens. Christmas buying continues as freely as if North Sea oil were the same tax bonanza as before.

## Lost Confidence

Norwegians do not listen to their politicians. Nor do they have any confidence in them. An opinion poll conducted following the many rows and conspiracies last fall in the Storting shows that three out of four Norwegians have lost confidence in the people's choices. Two-thirds of the Norwegian people, furthermore, believe that politicians are more concerned with being reelected than with the good of the nation.

## Garage Costing Millions

The so-called contempt for politicians has been given fertile soil in which to grow through the leadership of the Storting deciding to build a garage for themselves in the basement of the National Assembly building. It will cost 120 million, and the decision was made at the same time as the politicians were preaching restraint for the citizens. At the same time the politicians granted themselves large pay raises, which was not met with understanding

either. Another opinion poll shows that the Gro Harlem Brundtland government is not especially popular with the people. Only 37 percent are satisfied with the work that the minority government has accomplished during its eight months in power, and 57 percent are dissatisfied.

The dissatisfaction comes primarily from their own voters and from the socialist Left. Voters in the two middle parties, on the other hand, expressed a higher degree of satisfaction with the government.

The above can be a signal to the Christian People's Party and the Center Party that they have a mandate from the voters to continue their cooperation with the social democrat government. The fall's dramatic budget negotiations showed that the balance of power in the Storting still has its center of gravity farther to the Left.

The Labor Party's parliamentary leader, Einar Forde, described the process, which according to him created a new political landscape with deeper chasms than ever between the middle parties and the two conservative parties. The middle parties have more and more liberated themselves from their former government colleagues in the Conservative Party, although with a certain agony over the separation. Prime Minister Gro Harlem Brundtland, who yesterday held the traditional pre-Christmas press conference, willingly emphasized the nonsocialist split.

"The Christian People's Party and the Center Party are behaving themselves as they did before they entered a government coalition with the Conservative Party. They are more free, and can take positions which are closer on many questions to the Labor Party," said the Prime Minister, who is thinking about inviting the middle parties to negotiations on tax reform in 1987.

#### Budget Difficulties

The government has extended many hands to bring in the middle parties on budget negotiations. For awhile it appeared as though Norway would not have any budget at all. Uncertainty about the 1987 budget cost the country several hundred million kroner when the exchange rate declined. On the surface it appears that the middle parties finally won the tug of war. The Conservative Party has been completely excluded from economic policy, and has had no influence in the budget. There has for a long time been silence from LO [Trade Union Confederation], which previously warned the government against administering nonsocialist policies. The government is now walking a tightrope of compromises.

#### Restraint Expected

Gro Hartlem Brundtland also said at her press conference how important it is to cooperate. Both in the Storting and with the labor unions. In the beginning of January she will meet the key figures in the labor market to discuss restraint in the 1987 wage negotiations, which will not permit large pay raises. She would not exclude further restraint following the start of the new year.

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## ANALYSIS OF IMPORTS, EXPORTS SHOWS TRADE DEFICIT

Lisbon SEMANARIO in Portuguese 27 Dec 86 p 20

[Article by Rui Teixeira Santos; first paragraph is SEMANARIO introduction]

[Text] During the first 9 months of this year, our imports of arms and ammunition dropped by 3 million contos, while our exports of those items rose by 1 million. The petroleum bill dropped by 84 million contos. But over a year's time, we will pay an additional \$420 million for petroleum.

The recent agreement by the OPEC cartel's member countries to reduce their petroleum quotas beginning this spring will probably increase the price per barrel to \$18. The price this week was above \$16, compared to \$15 2 weeks ago and an average of \$12 per barrel last spring.

Based on the country's annual consumption rate, that increase from \$12 to \$18 represents an increase of about \$420 million in the petroleum bill. The reason is that according to the study by Jose Emilio Amaral Gomes, every variation of \$1 in the price of petroleum increases or decreases the country's petroleum bill by about \$70 million over a year's time.

During the first three quarters of 1986, Portugal saved 84 million contos on crude oil--that is, we purchased 116 million contos worth of (crude) oil this year, compared to 200.6 million contos last year (a change of 41.7 percent). On the other hand, according to the INE [National Statistics Institute], our exports of fuels and minerals also declined by 23.9 percent.

But those savings in 1986 also extended to other raw materials. The country consumes twice the amount of cereals it produces. But we have saved 40.6 percent on our cereal bill this year (it dropped from 44.8 million contos to 26 million contos). The same is true in the case of seeds and oilseeds: savings amounted to 34.4 percent in comparison with the same period last year. In escudos, the bill for cotton imports dropped by 21.7 percent.

The sharp drop in the value of the dollar and in international prices for those raw materials explains those changes, which made it possible, despite the 3.7-percent increase in total imports and the 9.48-percent increase in

exports, to end the first 9 months of this year with a deficit in the trade balance that is 11.77 percent below last year's figure.

Thanks to the favorable developments in our terms of trade, the drop in the trade balance deficit left us with a deficit of 223.9 million contos this year, compared to 265.1 million contos in 1985 and 299.8 million contos in 1984.

But if we disregard the effect of a cheaper dollar and consider only the drop in raw material prices, the trade deficit shows an increase of 1.6 percent. In dollar terms, Portuguese exports rose by 19.8 percent, while imports showed an increase of 26.6 percent.

What did the bulk of Portuguese imports consist of this year? Mainly automobiles (up 38.1 percent in escudos, compared to last year), household electrical appliances (up 29.1 percent), and fish (up 17.4 percent). That clearly shows the purpose of imports: consumption.

On the export side, the biggest increase in sales in comparison with last year occurred in footwear (up 49.9 percent), road vehicles (up 35.5 percent), textiles (up 27.3 percent), and wood and coal (up 21.3 percent). What this also means is that nothing has changed this year as far as the structure of our exports is concerned. On the contrary, we sold less pulp for paper manufacture, less iron, and fewer food industry products.

Now let us look at the geographical distribution and importance of our trade. Here there was indeed a substantial change owing to the dismantling of customs barriers between us and the countries in the Communities: during the first 9 months of 1986, we imported goods valued at 578.8 million contos (57.2 percent of our purchases) from the EEC. That is 140 million contos more than the year before (for an increase of 32 percent). But our exports to the EEC countries increased by only 84 million contos, and the EEC represents 67.6 percent of our market.

As is noted by the INE, that flow of trade resulted in a worsening of our trade balance, which has dropped from a surplus of 1.8 million contos in 1985 to a deficit of 52 million contos. Who benefited from all that trade? Basically Spain, Italy, and the FRG. Our deficit with Spain rose from 36 million to 56 million contos. With Italy, it grew from 20 million to 48 million contos. And lastly, with the FRG, our deficit rose from 11 million to 23 million contos.

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## BRIEFS

FOREIGN DEBT FIGURES--Ankara (A.a.) [No date as received]--Turkey's short term foreign debt was calculated to exceed 9.4 billion dollars by the end of 1986, official sources reported today. The debt of the same nature had amounted to 6 billion 617 million dollars by the end of 1985. Loss of value of dollar before mark as well as the rise from 200 million dollars to 574 million dollars of the total credits for oil have been effective in raising the short term foreign debts. [Text] [Ankara ANATOLIA in English 1615 GMT 22 Jan 87 TA]

AVIATION AGREEMENT WITH SINGAPORE--Following the amendment the civil aviation agreement between Turkey and Singapore, the national airways of the two countries will grant each other certain new, easy terms. The delegations of the two countries ended their talks in Singapore and decided that the two national airways should carry passengers and cargo from a total of 13 cities to Istanbul and Singapore. Meanwhile, Singapore Airways announced that it will start regular services to and from Turkey in April next year. [Text] [Ankara Domestic Service in Turkish 1100 GMT 16 Jan 87 TA]

ISLAMIC DEVELOPMENT LOAN--Jeddah (A.a.) [No date as received]--The Islamic Development Bank (IDB) is to extend a 16.5 million dollar loan to Turkey to finance the import of 15 sections of diesel rail track under an accord signed here Wednesday. The credit, in support of Turkey's programme to modernize its railway system, brings total IDB assistance to the country to 40.6 million dollars over the past five months. IDB Vice President Rahman signed the agreement with Sanran Alkilic of the Turkish Commerce Ministry and senior officials of the Turkish Railways. [Text] [Ankara ANATOLIA in English 1600 GMT 15 Jan 87 TA]

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## COMMITTEE GIVES UP EFFORT TO REACH DEFENSE COMPROMISE

## Main Disagreement Over 'Zone'

Copenhagen BERLINGSKE TIDENDE in Danish 29 Dec 86 p 9

[Article by Carl Otto Brix: "Disagreement on Security Policy"]

[Text] The governing parties and the Social Democrats cannot agree on a common outlook on a nuclear weapons free zone in the North.

The government must give up the hope of restablishing the previous broad unity on security policy.

The special Folketing committee that was formed to create a common basis between the governing parties and the Social Democrats is concluding its work at the beginning of the new year by saying that in a series of central points the parties are far away from one another.

The security policy spokesman for the Social Democratic Party, Lasse Budtz, says that work in the present security policy committee has come to a standstill.

"The reason is, among other things, that the majority of the committee has decided to travel to Norway. It is beautiful in Norway, but we will not learn one single thing that we have not already known," he said.

The disagreement particularly concerns a nuclear weapons free zone in the North, a cause that the Social Democratic Party strongly favors and that the governing parties look upon with skepticism.

But Lasse Budtz believes there will be a new defense compromise between the government and the Social Democrats when the present one runs out 1 January 1988. He thinks that it is quite a different matter from security policy. "As responsible parties we must find a compromise," he says.

Budtz rejects the warning that the chief of the unified command, Ry Andersen, gave to the Social Democratic Party in BERLINGSKE TIDENDE the day before yesterday.

In contrast to Andersen, he thinks that the threat from the East has undergone a change. Soviet statements on relaxation of tension must be taken seriously. "I simply cannot understand why every sign of increased tension automatically brings the demand for more armament," the Social Democratic security policy spokesman said. "Why not think along different lines, try to find out whether tension can be met with disarmament both of nuclear and conventional forces."

But he does not think that the first steps should be taken by a country such as Denmark. Unilateral Danish disarmament will hurt more than it helps," he said.

#### Ostergaard Ending Committee's Work

Copenhagen BERLINGSKE TIDENDE in Danish 30 Dec 86 p 5

[Article by Thorkild Dahl: "Social Democratic Criticism: Security Policy Dragged Out"]

[Text] "It looks like someone wants to drag out the work of the present security policy committee -- the Ostergaard committee. That someone wants to keep the matter in flux until we come closer to the Folketing elections."

The Social Democratic Party's spokesman for foreign and security policy, Lasse Budtz, said to BERLINGSKE TIDENDE that "it is a little strange that nothing is actually happening in the committee."

The chairman of the security policy committee, the Conservative chairman Knud Ostergaard, denies that the committee's work is making slow progress. "Norway is our closest cooperating partner, and when the Radicals demand the inclusion of Norwegian views, it is my duty to direct the work accordingly," Ostergaard said. He expects the work to be finished this spring.

"I don't know why Lasse Budtz thinks the work is being dragged out. I want to finish it as quickly as possible, and after the trip to Norway the work will be done quickly," Ostergaard said. He pointed out that there had been an agreement within the committee to have three meetings before the trip to Norway.

"We had one of them, but the second was a little short, because the Social Democrats did not come on time," Ostergaard said. in reference to the last meeting just before Christmas at which only four of the committee's 17 members were there when the meeting was supposed to start.

Budtz thinks that no agreement can be reached between the government and the Social Democrats, because their views on nuclear weapons are so different.

"We should be finished now, and we could have been in Norway long ago," Budtz said as he criticized the committee's travel plans for a visit to northern Norway. "The problems are known, and the trip cannot produce anything new."

## The Nordic Dimension

The Radical leader Niels Helveg Petersen, together with his party colleague, Arne Stinus, is the originator of the proposal that the present Folketing security policy committee travel to northern Norway before concluding the work of writing the report that is to unite the government and the opposition on the main lines of Denmark's foreign and security policy.

"It may well be that Lasse Budtz thinks that he cannot learn anything more. I am of the opinion that I can learn something, and from every point of view it is necessary for us in the Folketing's security policy committee to consider the Nordic dimension in our deliberations," Petersen said.

"I don't know whether the trip to Norway can support the one or the other point of view, but it is our opinion that an attempt must be made to clarify the problem," Petersen said.

### Paper Criticizes Lasse Budtz

Copenhagen BERLINGSKE TIDENDE in Danish 30 Dec 86 p 14

[Editorial]

[Text] If one is to believe Lasse Budtz, and one should do this now and then, the reestablishment of the wide political agreement on Danish security and foreign policy is going slowly. The so-called Ostergaard committee has now gradually studied the Dyvig report, and nothing concrete has come from this. But as long as there is discussion, there is hope, one could say.

But after the statements yesterday by the Social Democratic security policy spokesman to BERLINGSKE TIDENDE the hope must be said to be dwindling. To be sure the special committee will travel to Norway to consider aspects of Nordic security, but if one understands Budtz correctly, one could just as well give up this trip.

Actually, the matter is finished. This time there will be no successful result from the long drawn out attempts to achieve more harmony and realism in the Folketing's daily policy.

But perhaps some improvement is in sight from another direction, for the Social Democrats obviously do not intend for the impasse to extend beyond the coming negotiations on a new defense compromise. Here we must reach an agreement, Budtz says, and he has faith that one will be reached.

He is showing here a will to compromise that his party chairman has not had up to now. If one only dared to trust Budtz in this matter as well.



Foreign Minister Blames SDP

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 86 p 3

[Article by Per Lyngby: "Ellemann: Social Democrats Irresponsible"]

[Text] The Social Democratic Party has undermined Denmark's credibility with our allies in NATO, according to Foreign Minister Uffe Ellemann-Jensen (Liberal Party). In 1987 this situation must be stopped.

The irresponsible security policy position of the Social Democrats has led to exasperation and skepticism among our friends and allies. And Denmark has lost credibility and influence.

This is the "New Year's greeting" that the chairman of the Liberal Party, Foreign Minister Uffe Ellemann-Jensen, has sent to the Social Democratic Party. But he thinks that the four-party government has succeeded in "stopping the undermining of Danish credibility we have experienced in recent years." And 1987 is to be the year in which Denmark can look her allies in the eye.

"There will be no more Danish footnotes in NATO," Ellemann-Jensen said. "At the most recent meeting of foreign ministers in December we struck out the footnotes that have plagued us for many years. They must not return.

"Instead we shall direct our efforts to prove to our allies that Denmark is ready to take on its reasonable share of the burdens of the common defense."

For the same reason, Ellemann-Jensen thinks that the negotiations with the Social Democrats on the coming defense compromise will be one of the most important issues in 1987.

He says that the year will definitely be a "year of decision" for Denmark. Because on the home front the election campaign for the coming Folketing elections will begin. The elections will decide whether Denmark will be led into the 1990's by the liberal-nonsocialist four party government or by a Social Democratic-Socialist People's Party government. The latter constellation "completely and utterly lacks political credibility," he said.

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## RESERVE TRAINING NEEDS MORE FLEXIBLE ORGANIZATION

Bonn BUNDESWEHR AKTUELL in German 26 Nov 86 pp 2, 3

[Interview with Lt Gen Heinz Kasch, Commissioner for Reservist Affairs, date and place not given: "Lt Gen Heinz Kasch: Reserve Training Needs Greater Efforts--Improve Motivation Through Flexibility in Organization and Personnel Management"]

[Box, p 2] In an interview with BUNDESWEHR AKTUELL, Commissioner for Reservist Affairs, Lt Gen Heinz Kasch, responded to questions concerning better utilization of reservist potential, structural changes in concept, and their effects upon motivation and commitment by reservists.

[Text] [Question] General, one hears and reads everywhere that the FRG Army has up to now paid too little attention to the reservist. What have we done wrong?

[Answer] We should interpret the reservist not just as a military exercise participant, but also as a multiplier in the surrounding area of society. His experiences within the framework of a military exercise will simultaneously be information about its inner workings and about the training and atmosphere in the armed forces. We must train and appeal to the reservist so that he returns home convinced of the reason for and the purpose of his military exercise and of the necessity for defense readiness. We are dealing with adults who have already held their own in the civilian sector.

But I see that the attitude of the active forces toward the reservists has already become very positive.

[Question] There is already public criticism and critical questions are being asked as to whether the FRG Army can manage this large number of reservists in the future. There are doubt and worries even within the Army. What can you say to the Army?

[Answer] The October 1984 allowances by the federal government represent the framework within which all structural considerations take place. We know that the number of draftees is decreasing and that the number of reservists is increasing. Because reserve training requires a greater effort, this will have to result in personnel shifts among active members

of the armed forces. The military services will have to examine which personnel are necessary for a high reaction capability and which units will have to plan for a higher cadre level to support reserve training. It will surely not be possible to make detailed statements about this before the structural examination of the military services is completed in late 1987.

[Question] While we now order into the reserves only about 50 percent of the draftees leaving service, we will, in the future, have to order all departing draftees into the reserves.

What does that mean for the active troops?

[Answer] We have various utilization quotas at this time, with the result that we actually order into the reserves only about every third Army draftee, only every fifth in the Air Force, and only every seventh draftee in the Navy. For the 1990's, we will have to plan equalization measures extending across various sectors, which will also bring about a fairer and better utilization of reserve potential at the same time. We will naturally also have to examine whether the criteria now used for calling up military exercise participants are valid, or are in need of similar streamlining, as we just did for the criteria used for calling up draftees. We will especially have to examine the current process by which we determine the state of health of the reservist being called up. We will have to demand more flexibility in organization and personnel management from both the selective service officials and the active forces. In addition, it will be necessary to ensure that each soldier in basic military service is trained during peacetime for a mobilization assignment. That means that his reserve assignment must be planned early, so that he can be specifically trained for it.

[Question] Those mobilization reservists who are assigned to the mobilization replacement battalions as part of the personnel reserve are called up more frequently than those assigned to parent units. Their motivation drops because they are more heavily burdened, but on the other hand they have no definite assignment, no definite unit to which they belong and with which they go to training exercises in the same vicinity. Don't you think that this system must be changed?

[Answer] Yes, I believe that this surely does not contribute to the affected person's motivation. Especially if he has been called up several times to serve with various units with which he has no relationship. It will therefore become necessary in the future, in addition to the basic requirement of being near home, to assign the man to a unit whose commander becomes a point of contact for his entire period of reserve service. We will have to do this either through the organizational structure itself, or through the allocation of personal member-unit relationships whereby every man who is assigned to either a field replacement battalion or another replacement processing unit will, in spite of this, still go on field exercises with his parent unit.

[Question] In 1985, only 94 percent of 6,100 military exercise positions were used. Must one not conclude from this fact that the Army already has problems in really making full use of the available military exercise days? What does this mean in the face of the increase in military exercise days to nearly 15,000 during the 1990's?

[Answer] In both 1984 and 1985, we still displayed adjustment difficulties and a somewhat restrictive behavior toward military exercises. I believe that this is now better. I base this upon the fact that, in spite of the well-known attrition rates, we will make better use of the 6,600 military exercise positions in 1986 because the Army has adjusted in the meantime to making increased use of military exercise positions. We are in the process of making the use of military exercise days easier through new configurations. We therefore now have in the new military exercise ordinance the possibility of short military exercises. They last between one and three days and should make it possible for us to train command and operating personnel during short or weekend exercises. That gives greater flexibility, does not take the affected person away from his work for a longer period of time, and makes it easier to create close personnel ties within the mobilization units. And, from our viewpoint, [it also provides] the possibility for enhancing especially the voluntary willingness to take on responsible duties. To this, must be added that a simplified severance pay process is proper.

[Question] Weekend exercises, that means for the active ...

[Answer] ... I do not overlook that this will, for the time being, also make demands upon the active Army, and therefore will collide with our intention to reduce duty hours. But we want to enable the reservists to train themselves--an investment which, for the long term, reduces the load upon active personnel.

[Question] With the weekend exercises, you intend to prepare officers and non-commissioned officers of the reserves for specific command duties. You have already had experiments conducted. What results do they show?

[Answer] The two troops experiments within the Army have not yet been evaluated. We must wait for the results. The goal of the troop experiment is, through weekend training sessions, to further train command and operating personnel--the officers and non-commissioned officers who are called up--so that they can responsibly carry out duties better than before and can strengthen their self-reliance. The result must be that the reservist on call-up can immediately take on the same responsibilities as his comrade on active duty, because he has been prepared for this task through directed training.

[Question] What role do you assign to the Federation of Reservists in connection with the continued training of officers and non-commissioned officers?

[Answer] The federation's reservist work is concentrated upon two areas of emphasis: First, upon security policy and defense policy work; second,

upon promotion of the military. These committed federation members, assuming they possess the necessary military qualifications, represent a suitable potential for taking over training tasks at weekend sessions as a supplement to active training personnel. It is the Federation's task to appeal to its own members and to other reservist groups for voluntary participation in military exercises, and to supply the Army with the names of those reservists who will take over training tasks either at "official functions" or at short military exercises. The Federation can, if it actively follows this line of thought, make an important contribution within the Army as well.

[Question] On 6 December in Bonn, a new reserve officer association with an elected board of directors will present itself. What role do you assign to such an association, and also in connection with the Federation of Reservists?

[Answer] One must, for the time being, give this new association the opportunity to sort things out, to make use of its bylaws, and then it will be possible to judge its expressiveness and its possibilities.

From our point of view, we see this association as an institution which should seek cooperation with the Federation of Reservists, because the Federation of Reservists will, for us, still be our specially commissioned representative. It is therefore important that both associations--oriented toward the same goal, but different in organizational form and work--develop a cooperative relationship with each other, which ultimately benefits both the reservists as a whole and the FRG Army in particular.

[Question] During your term of office as Commissioner for Reservist Affairs, you have--in response to the wishes of the reservists, among others--gotten through a liberal authorization for wearing a uniform. Although isolated among some reservists, criticism does arise about the marking of the uniform with a black-red-gold cord, which is always required when the uniform is worn outside of military service circumstances.

[Answer] The criticism, which is expressed here, gives evidence of lack of knowledge. The cord is not an identification especially for reservists, but it identifies one who is wearing the uniform outside of military service circumstances. This applies for all soldiers discharged from the Army. This group includes the former professional soldier, the former long-term serviceman, the reservist who has passed the age limit, and the reservist on call-up. The cord indicates that he is outside of military service circumstances and is not subject to command and obedience. He stands outside the regulations concerning superiors. By wearing the uniform, he makes known his close relationship to the armed forces, but is not a soldier in the legal sense. To this extent, the wearer of the black-red-gold cord differs from the soldier in service. Whoever is required to go to an official function as a soldier, and thus does not wear this identification. One must sharply separate these two areas from each other.

In ranks, the reservist is not differentiated from the active soldier. He does not wear a cord; he wears the same unit insignia as the active soldier. This liberal permission to wear the uniform outside of military service makes it possible for him to illustrate his commitment to the FRG Army, at social events as well as at family celebrations. When I leave the FRG Army in the near future, I will, on such occasions, also wear the cord with our national colors, and will do this with pride.

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MILITARY

GREECE

GOVERNMENT'S REPORTED PUBLIC RELATIONS CAMPAIGN IN ARMED FORCES

Athens EMBISTEVTIKO GRAMMA in Greek 17 Dec 86 p 5

[Text] A number of observers have expressed surprise at the fact that high-level government officials have been recently conducting a campaign to attract and inform officers of the highest rank belonging to all the branches of the military. We have thus been informed that deputy Minister of Foreign Affairs Giannis Kapsis, as well as deputy Minister of Industry, Research and Technology Vaso Papandreou recently maintained contacts with officers of the Higher War College, in an attempt to reassure them on foreign issues, telling them that the government does not practice what it says. It was specifically stressed to these officers that there is no break in the relations between Greece and NATO, and that the issue of the U.S. bases is on a steady course. It should be noted that Navy officers were particularly impressed by Mr Vaso Papandreou's bringing them up to date on issues concerning the Greek economy and on more general technological problems. Moreover, informative talks were also held by deputy Minister of Foreign Affairs Theodoros Pangalos, who assured army officers that Greek membership in the EEC is by now an accepted fact.

Quite curiously, Mr Pangalos also stressed that the government does not practice what it says, and he explained to the officers the Greek positions on terrorism issues, as well as on more general foreign policy choices.

At any rate, and regardless of the above reassurances, a number of political observers are questioning the deeper motives for the sudden government initiative of maintaining contacts with the armed forces; they stress that this initiative may not be alien to the moral crisis that has hit Greek society following the discovery of a series of scandals. However, it is not excluded that these government activities are motivated by other goals, about which it would be too dangerous to speculate without reliable information.

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## BACKGROUND OF ARMS SALES TO IRAN, IRAQ DETAILED

Lisbon SEMANARIO in Portuguese 13 Dec 86 p 4

[Article by Jose Teles; first paragraph is SEMANARIO introduction]

[Text] Where there is war, there is business. In the conflict between Iran and Iraq, for example, the first shots had not been fired before Portugal was securing purchase orders. The first of those orders--during the time of the Pintasilgo government--was for Iraq: 30 million contos. Since then, our chief customer has become Iran, at 20 million contos in 2.5 years.

It was always known. Arms sales by Portugal to Iran, Iraq, or both at the same time were an open secret. In August 1984, for example, this newspaper published a very detailed report saying that "Portugal is selling arms to Iran and Iraq at the same time." No one got excited. Only Jose Joao Zoio, manager of Northern Importing, Ltd., one of the firms mentioned in the report, protested publicly against the improper way in which the article had supposedly referred to the imam, Ayatollah Khomeyni, a figure who, according to Zoio, is to the Middle East what "His Holiness Pope John Paul II" is to the Christian West. And the matter died there. No colleague felt that the matter merited two lines of print, let alone further investigation.

It was necessary to wait for the reverberations from the "Irangate" case before our arms trade with Iran--public, legal, and admitted--aroused the interest of the media inside and outside Portugal. LE POINT said that "every week" (anything less would not be worth notice) "a jumbo jet belonging to Iran Air takes off from Lisbon for Tehran carrying shells, mortars, and other light arms from the factories in Oeiras and Trafaria." The WASHINGTON POST revealed that some U.S. shipments to Tehran had made a stopover in Portugal. The MIAMI HERALD announced that a number of ships returning from Bandar Abbas had taken on arms in Lisbon for delivery to the Contras in Central America. As always, quotations from the international press have a certain impact in Portugal. That is the only reason why the matter again became news among us.

It All Began in 1979

It is not news that Portugal sells arms to Iran. Many countries do. Even the United States--as we now know. Even North Korea, despite protests by the



Soviets, who are the chief suppliers to the Iraqis. And even inflexible Great Britain, as Mrs Thatcher admitted a few days ago in the House of Commons.

The amazing news is that Portugal started out by aligning itself with the Iraqi side in the conflict and then shifted its compass in accordance with its commercial interests. It all began in the final months of 1979, when the Gulf (whether Persian or Arabian, it makes no difference to us) was already beginning to feel the winds of war. A Portuguese delegation headed by Admiral Souto Cruz and representing then President Ramalho Eanes went to Baghdad and brought back the first order, which was worth \$200 million.

One member of that delegation was Pereira Magro, then minister of trade in the Pintasilgo government and now chairman of the board of the Oeiras Foundry, a firm which does not confine itself to having "already arrived in Europe" with household electrical appliances before Portugal joined the EEC. It had already arrived in the Middle East as well with its cannon shells. Also in Baghdad with the delegation was Colonel Mingot de Almeida, who at the time was representing the CEMGFA [Armed Forces Chief of Staff]. Mingot de Almeida is currently an adviser to the AIP [Portuguese Industrial Association], specifically as part of its NID [Defense Industrialists Group], which is the group of firms linked to the defense industry.

The deal reached with Iraq at that time was truly something out of the "Arabian Nights," especially as far as INDEP [National Defense Industries], the Trafaria Explosives Company, and the Oeiras Foundry were concerned: worth 200 million, it called for immediate payment and quick delivery. It was 2 years later, when the time came to renew the deal, that things got complicated: the Iraqis wanted "credit," something that a country like Portugal, with no worries about political influence in the region, could not afford. Others appeared who were willing to sell arms on credit in exchange for influence: the USSR, of course, but also France, which even supplied a nuclear reactor that was later sabotaged, and even Brazil, strange as that may seem!

So the Portuguese arms trade with Iraq entered a crisis purely for reasons having to do with financing. "The factories could not shut down." So Portuguese negotiators went knocking on Iran's door. The ayatollah was moved to compassion by the misfortunes that would overtake several thousand Portuguese workers employed in the defense sector. The deal was made. Officially, it has brought in about 20 million contos over the past 3 years.

#### Broder Case

So far we have been talking about legal and admitted business deals approved by the Ministry of Foreign Affairs and backed by the proper permits from the Ministry of Defense. But there are and have been many others.

In January 1986, three Portuguese citizens were arrested in the United States. They had purchased radar system parts worth \$619 million from undercover federal agents. They had also attempted to buy components for Hawk missiles and spare parts for F-14 and F-15 fighter planes. It was learned that the

destination of their purchases was Iran, a country covered by the embargo signed by the U.S. President himself.

At least two of those Portuguese had residences and businesses in Portugal: Moises Broder, whose family referred our reporters to the Euro-Atlantic Company (a firm that denied being involved in the case) and Eduardo Ojeda, whose ties with Renamo [Mozambique National Resistance] received a lot of comment at the time. Besides Broder and Ojeda, a businessman from Setubal--Afonso Bonacho--was also indicted by a Federal grand jury some time later for "conspiracy" and arms trafficking with Iran. It was later learned only that Moises Broder had wrangled luxurious confinement in the United States: he was paying \$20,000 (over 3,000 contos) monthly to live in a rented apartment under the surveillance of private armed guards.

The Broder case, which is "unknown" in Portuguese business circles linked to the arms trade--or so they tell us--demonstrated at least that while there are very profitable deals to be made in this area, it also involves serious risks that should not be ignored.

As is now known, the arrest of the Portuguese in Los Angeles coincided with the start of the U.S. Administration's own dealing in components and missiles for Iran.

Airplanes traveled by way of Portugal--this according to Oliver North and Robert McFarlane, those chiefly responsible for the operation, and it is impossible to see what interest they would have in lying about that detail. Those planes were apparently civilian aircraft (Leonardo Ribeiro de Almeida has denied that authorization was given for military aircraft, but who said that the aircraft in question had to be military?). Italian Minister Rino Formica was more realistic when he was questioned about the matter: he simply said: "We cannot control the arms entering or leaving NATO bases in Italy. We are not informed."

#### Discreet Trade

It is not out of the question, in fact, that civilian aircraft showing no indication of their cargo (why cause problems?) did stop over in Portugal on their way to Israel and with Iran as their destination. In any case, what difference does it make? Portugal would not be morally justified in denying transit rights to the United States in the case of trade of the same kind that Portugal itself has been carrying on in broad daylight for several years.

As was reported by SEMANARIO, negotiations between Israeli and Iranian generals took place in Portugal last August with the cooperation of official Portuguese figures. It was a scenario identical to the one which, as we now know, also preceded the American operations and which involved the Israelis Yaacov Nimrodi, Israeli military attache in Tehran during the time of the shah, and Al Schwimmer, chairman of Israel Aeronautical Industries and a close friend of Shimon Peres.

We also reported 1.5 years ago on transshipment practices in connection with the arms trade. One of our sources confirms to us that he has heard about it. Let us see what it consists of: a ship drops off containers whose markings do not attract attention and which are intended for another ship that comes to pick up those products in, say, the port of Lisbon. If the markings described the contents as stoves but the containers actually contained missiles, no one will ever know about it. In any case, the containers do not enter Portuguese customs and are not checked in any way. Nor is any check made of the destination of the ships or aircraft involved. "If the compass goes haywire in the middle of the South Atlantic and a cargo destined for Brazil winds up in South Africa, how do you expect Portuguese authorities be held responsible for that?"

The arms trade is discreet by nature even when it is not obscure out of necessity. The Broder case may well turn out to be merely the tip of the iceberg.

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CSO: 3542/32

## SWEDEN EYEING DANISH NATURAL GAS AS NUCLEAR ENERGY REPLACEMENT

## Recent Sale Agreement Cited

Stockholm DAGENS NYHETER in Swedish 17 Dec 86 p 2

[Editorial: "Liquidation in Favor of Total Gas"]

[Text] Nuclear power need not be largely replaced by new, expensive and--as implied--dirty coal power, which the majority in the Energy Council and others are trying to get us to fear. Even though liquidation, and especially rapid liquidation, would not be as relatively painless as calculations by the environmental party Greenpeace, the People's Campaign, the Center Party and others believe, there are plenty of other and better alternatives than masses of coal.

One was brought out last Monday, with the new agreement between Swedegas and Dangas. It involves the import of 200 million cubic meters of natural gas annually for 20 years, with the possibility of large increases. The price is clearly much better than what Sydgas was burdened with several years ago. Swedegas estimates that going via the west coast from Goteborg, the Stockholm area will be reached in 1993, and then 15-20 TWH of the environmentally cleanest fossil fuel will be available. Which furthermore does not corrode furnaces, and is said to be guaranteed to be cheaper than oil for industries, municipalities, and finally also for households.

Furthermore there is the prospect for the 90's of large-scale imports from the Norwegian Halten Bank which could give us natural gas in still greater quantities, or according to some speculations, 10-15 TWH of imported electricity from Norwegian gas-combination power plants.

Normally one would say that natural gas is too clean and valuable to waste two-thirds of it in ordinary condenser power plants. But the new gas-combination plants give about 50 percent efficiency, instead of under 40 percent as do the nuclear and coal power plants, and in combination with providing remote heat they can give up to 85 percent utilization.

Natural gas could also be the key to rapid liquidation of, for example, the reactors on the west coast at Barseback and Ringhals without even reducing the current overproduction of electricity. We should be able to build gas-

combination power plants by the existing nuclear power plants, eventually utilizing their steam turbines plus new gas furnaces and a so-called gas turbine, and some technicians believe that such an alternative can be built in 2-3 years. The existing power transmission network can also be utilized. And in Skane and the Energy Council they will not have to worry about whether the risk of a major power failure will come in 10 years instead of 20, which has actually been used as an excuse for preventing the liquidation of Barseback in the 80's.

Electric heat is finally going to price itself out of the heating market and oil appears to be coming back--especially since the national authorities do not seem willing to defend the development of domestic renewable fuel with a compensating tax which would be flexible in relation to the price of oil.

On the other hand it will still be a long time before gasolene, soon the largest item on Sweden's oil bill, can be eased by ethanol or methanol, based on part of the grain surplus and the energy harvest.

A recent report will not even give ethanol the tax relief which real domestic fuels get, and which the government party previously promised. From the standpoint of the country and defense it is in the long run better to grow energy crops than trees on the tenth of the agricultural land which must be used more sensibly than for dumping wheat, which would not help the poorest people.

It is said that there are about 130,000 installed heat pumps in Sweden which use about 2 TWH electrical energy but thereby render 4 TWH of free energy out of ventilation air (exhaust) or outer air, sea water, waste water, earth, etc.

At the same time it is said that there are four times as many installed electric heaters, electric grills, etc, which have been advantageous as long as oil was very expensive, but are uneconomical now when oil has become cheaper and electricity prices have risen, as they must do when nuclear power has been here for so many years.

No matter what one thinks about the long-term economy of heat pumps compared with oil, which the Energy Council believes will stay at a continued low level for the rest of the century, it is nonetheless obvious that the heat pumps withstand price increases in electricity much better than direct electric heat, since only one-third of the heat pump's heat production is burdened by electricity increases.

Likewise the heat pump market is considered to be on the decline now because of uncertainty about the price of oil and electricity. The same thing applies to a large part of the rest of the domestic energy market, based on advanced technology and "domestic renewable energy sources."

Something which the national authorities have paid lip service to for many years, but have at the same time undermined shamefully--the real electricity subsidy for selling the electricity surplus--they now appear to be countering with one more blow under the belt: they are not sufficiently offsetting the

variations in oil prices with a tax and fee system which will give long term stability and predictability for the development of domestic alternatives.

#### Denmark Eager to Export

Stockholm DAGENS NYHETER in Swedish 23 Dec 86 p 11

[Article by Bob Melander: "The Danish Alternative is Held in the Grip of Gas"; first paragraph is DAGENS NYHETER introduction]

[Text] The myth about Denmark being the promised land of wind power, alternative energy and energy saving is about to be smashed. The reason: gas. Denmark is about to begin a festival of gas which resembles Sweden's festival of electricity.

This phenomenon, which has been building up for a long time, is now breaking through in their energy policy.

Environmental and correct household alternatives are being pushed aside by low priced gas.

The reason is that nationalized DONG and the regional power companies have agreements with the Danish Underground Consortium that they must sell as much gas as possible as quickly as possible.

#### Double Role

The pattern of financing has been shaped so that the companies have large deficits for several years. Today the regional company Naturgas Syd has by itself a deficit of 2.3 billion Danish kroner, and this situation stimulates the company to conduct an aggressive sales policy, which is reminiscent of the one that Swedish power companies conducted to get rid of all nuclear power for electric heating.

In Denmark also the state and the municipalities have found themselves in the double role of being sellers, buyers and planners of energy policy.

The Danish newspaper INFORMATION recently announced that gas, which is more environmentally friendly than oil and coal, is even more of an environmentally friendly alternative than wind power, cheaper and more efficient.

In Nordjylland a municipal solar energy installation has been halted in the planning stage, as has a local biogas project in Julesminde municipality.

According to INFORMATION these are very poor solutions from an energy economy standpoint, and they point out that gas is sold directly to households instead of invested in effective local power and heat production.

The Folketing is criticized on two counts, because the energy policy goals deal with local power and heat, but the energy tax policy acts in the opposite direction, and encourages waste.

According to INFORMATION, they are acting to gain the most profit, and the least energy efficiency.

The great gas festival is also beginning to show on the construction side, where for example Pandrup Municipality has rejected a projected low energy house with solar heating and is requesting being tied to the remote heating network.

A tendency which concerns small municipalities is that regional gas companies have a price policy which favors as large consumption as possible.

Civil engineer Gitte Clausen in Pandrup Municipality stated some important thoughts before this event:

"It is difficult to understand that semipublic companies operate with such a policy. It is as though they were private. The conflict between natural gas and energy saving means that the municipalities are sitting like a hare between two wolves," said Gitte Clausen.

#### Hard Driving

Even though the gas contract which was signed with West Sweden should lighten the pressure in Denmark and facilitate a more calm and technically more efficient energy policy, Danish observers fear that the gas companies will continue their hard driving.

On 14 January the Danish Folketing will have a large energy policy debate which will lay the foundation for the energy policy of the 90's, mainly for gas.

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## COMMENTATOR CALLS FOR AGGRESSIVE NATURAL GAS EXPORT POLICY

Rotterdam NRC HANDELSBLAD in Dutch 15 Dec 86 p 9

[Commentary by Peter R. Odell: "Aggressive Gas Export Desired"]

[Text] Three international developments in the area of energy are to blame for the crippling of the Dutch energy policy in 1986. There is an urgent need for radical changes in the ingrained thinking and actions with respect to this important sector of the economy, which is so closely entwined with the well being of each and every individual inhabitant of the country.

First of all, oil prices have plummeted since January 1986. That was coupled with a devaluation of the dollar, the currency in which the value of oil is expressed in international trade. Because of that, imported oil currently costs less than a third of what it cost a year ago, and that carries enormous consequences for the competitive position of various energy sources, and in particular for the Dutch treasury.

Secondly, there was the nuclear disaster in Chernobyl with its direct consequences for the environment, leading--it was election time here--to the almost immediate revoking of government plans, up to then firm, for the construction of at least two and possibly four new nuclear plants in the next 10 years. Thus the question of an increased energy need in the future became current at a moment when low oil, gas and coal prices make the nuclear option unattractive, at least from an economic point of view.

"Disaster"

A third, much less known development in 1986 was the steady decrease of the demand for Dutch natural gas. In the first 9 months of 1986 the total demand was 10 percent lower than that of the same period in 1985; export even decreased by 17 percent. This occurred in spite of the fact that the price of most of the Dutch gas is coupled to the international dollar price for oil, so that a cubic meter of gas which is exported or supplied to large consumers now only yields a little over a third of the price of a year ago--and a further decrease is unavoidable in the first quarter of 1987. This "disaster" for the Dutch economy arises from the officially unanticipated, greatly intensified competition on the Western European energy market now that other large suppliers of natural gas (namely the Soviet Union, Algeria and Norway) and of



alternative sources of energy (including inexpensive oil products, imported and subsidized domestic coal and electricity which are sold at a marginal price because of overcapacity) are all trying to increase their sales--amongst other reasons in order to compensate for the fall in unit prices.

The prognoses are somber: The position taken now in general is that the competition on the world energy market will probably continue to exist as a result of low demand and plentiful supply, and that it will probably even intensify. (Until recently that view was held by only a very small number of experts and academicians in the area of the international energy situation whose insights were not merely played down, but simply ignored and even ridiculed.)

The department of economic affairs grimly sticks to its view, however, that the current situation is only very temporary, so that the problems suffered by the Dutch economy and society due to the international developments of 1986 will soon be obviated by the strong revival of prices and markets.

There is a reasonable possibility that OPEC will once again get such a grasp on the oil production of its member states--and on those of the other producers who otherwise profit by the self control and self sacrifice of OPEC--that the price of a barrel of oil will rise above \$20 again and stabilize itself there. Through the decreased supply of oil, the international energy market will then in general become so tight that the prices of other sources of energy and the demand for them will increase across the board. If, however, the Netherlands bases its energy policy on this prognosis, while the alternative--continuing weakness of both prices and supply, at least for the next 10 years--appears to be much more likely, it puts itself in danger.

A less risky approach is needed--one which, moreover, seems obvious. A precondition, however, is the recognition that the Dutch policy on exploitation of the country's most important energy potential, natural gas, and in particular the Groningen natural gas, currently is more questionable than ever. The gas bubble of Slochteren continues to be an unimaginably cheap source of energy which is large not only by Dutch standards but also by world standards. Moreover, the estimated capacity (measured by the commercial quantity of original gas) after over 20 years of production still continues to grow. That makes that bubble an almost unique phenomenon among world oil and gas fields: The hypothesis that the reservoir under Groningen continuously replenishes itself can no longer be merely rejected.

The Dutch gas thus is capable of not only providing a continually greater share of the national energy needs (as opposed to the decreasing role envisaged by Economic Affairs), but it can also set the tone again, as before, on the European gas market--and even for energy. The central point in the Dutch energy policy ought to be the return of total gas production to a level over 1000 billion cubic meters by means of a big sales increase nationally and an expansionist, aggressive sales campaign abroad, and not, as in the past 10 years, the timid adhering to conditions set by other suppliers and other sources of energy, which all have much higher production costs than the Dutch natural gas.

## Report

A recent report of the American Gas Association discusses the competitive opportunities American gas producers have to compete in new, larger markets still to be created. Our policy makers would do well to study that report carefully. It specifies, with the inclusion of estimated figures, a range of possibilities for the consumption of gas, varying from compressed natural gas for cars and trucks to gas-fueled refrigeration and freezing equipment and (the most important) a strong increase in the consumption of gas for very economical generation of electricity. What is most relevant for the Dutch gas in this is a system for the generation of electricity which is known as "combined cycle." Through a combination of low investment costs, a modular, highly flexible manner of production and a high yield of electricity, the combined cycle plant can even compete in the United States, where the production of natural gas is relatively much more expensive than in the Netherlands and where coal (the alternative fossil fuel for the generation of energy) is much cheaper than coal imported via Rotterdam.

Considering the ready availability and the low price of natural gas (which otherwise would remain in the ground, unused, undesired) and the fact that all other conditions for applying the combined cycle technique are present (at the KEMA [Office for the Inspection of Electrotechnical Material] they are even working on improvement of the already high yield of such installations), there cannot be any doubt as to how the additional 3,000 MW in electrical capacity needed in 1993 must be realized. Not only do gas-fired combined cycle plants require the lowest possible net investments (compared with coal, let alone the various nuclear variants), but the consumption of another 3 to 4 billion cubic meters of natural gas which can't be sold elsewhere would benefit the treasury, even aside from the favorable environmental aspects. Materializing this policy at the domestic level would moreover improve prospects for additional natural gas sales abroad, in particular for similar applications in neighboring countries. The new technique is actually such an attractive alternative for an increasing number of energy companies which see themselves confronted with resistance to both coal and nuclear plants (for reasons of environment and safety, respectively) that an additional natural gas export of a maximum of perhaps 10 billion cubic meters is among the possibilities for the mid nineties. In short, only the additional natural gas production for the efficient generation of electricity would bring the Netherlands well along the way to those 100 billion cubic meters.

The expectation that oil prices would remain high and would even increase, an expectation so passionately desired by The Hague, was, just as the latter's artificial curbing of production and consumption of Dutch natural gas, related to a fundamentally incorrect conception of the world energy situation, a condition of limited, shrinking supplies which dictated preparation for a dearth of gas to be expected within a few years. The insanity of this view has meanwhile been proven, so that all the certainty and haste with which nuclear energy was urged turns out to be just as insane. Together with the elimination of the motivations for the current energy policy, a potentially gigantic energy surplus has arisen--which of course causes considerable problems for the suppliers because of the killing international competition.

For many countries (such as France with its nuclear energy and the Federal Republic of Germany with its domestic coal) the current situation evokes serious fiscal and other problems. To the Netherlands, however, it offers opportunities instead. To seize those, a drastic reconsideration of the Dutch natural gas policy is necessary. One must be prepared, no, one really ought to be jumping at the chance to rapidly make sure that a greatly increased quantity of this cheap, clean source of energy is supplied to as many as possible new or expanded markets--with that the national interest is served in a competitive world.

(Professor Odell is the head of the Center for International Energy studies at the Rotterdam Erasmus University-ed]

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ENERGY

TURKEY

BRIEFS

CATALAGZI THERMAL STATION LOAN--A protocol on a \$142-million loan to finance the second unit of the Catalagzi thermal power station has been signed in Ankara. The loan will be extended by FRG, Hungarian, and Japanese firms. With the completion of the second unit, the power station will generate a total of 300 megawatts annually. [Text] [Ankara Domestic Service in Turkish 1100 GMT 22 Jan 87 TA]

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## BRIEFS

FISHING AGREEMENT WITH SPAIN--Portugal and Spain signed the frontier fishing agreement yesterday in Seville. The Portuguese-Spanish agreement contemplates 31 licenses for each country and covers the area from Vila Real de Santo Antonio to Torre de Aires on the Portuguese side (14 miles) and from Ayamonte to Torre del Oro on the Spanish side (33 miles). Equipment agreed on for Portuguese use consists of the ring net, the trammel net, and a local type of drag net, while Spain is permitted licenses to use the ring net and to fish for razor clams and "conquilhas" [a type of mollusk]. The agreements will now be sent to Lisbon and Madrid for ratification by the respective governments. [Text] [Lisbon EXPRESSO in Portuguese 13 Dec 86 p 1] 11798

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